

Senate Commerce 2-21-89 (p. 469)  
Sen. Ways & Means

Reprinted 2-21-89

FEB 8 1989

Place On Calendar

HOUSE FILE 234  
BY COMMITTEE ON SMALL  
BUSINESS AND COMMERCE

(SUCCESSOR TO HSB 178)

Passed House, Date 2/16/89 (p. 490) Passed Senate, Date 4/13/89 P. 1281  
Vote: Ayes 98 Nays 0 Vote: Ayes 48 Nays 0  
Approved May 29, 1989

A BILL FOR

1 An Act relating to entities and subject matter regulated by the  
2 department of commerce, division of banking, including banks,  
3 regulated loans, and industrial loan companies.

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

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HF 234

1 Section 1. Section ~~524.103~~, subsection 5, Code 1989, is  
2 amended to read ~~as follows~~:

3 5. "Bank" means ~~any person~~ a corporation engaged in the  
4 business of banking, authorized by law to receive deposits and  
5 ~~subject to supervision by banking authorities of the United~~  
6 ~~States or of any state~~ whose deposits are insured by the  
7 federal deposit insurance corporation.

8 Sec. 2. Section 524.107, subsection 2, Code 1989, is  
9 amended to read as follows:

10 2. No A person doing business in this state shall not use  
11 the words "bank" or "trust" or use any derivative, plural, or  
12 compound of the words "bank", "banking", "bankers", or "trust"  
13 in any manner which would tend to create the impression that  
14 such the person is authorized to engage in the business of  
15 banking or to act in a fiduciary capacity, except a state bank  
16 authorized to do so by ~~the provisions of~~ this chapter, or a  
17 national bank to the extent permitted by the laws of the  
18 United States, ~~or, insofar as the word "bank" is concerned, a~~  
19 ~~private bank to the extent provided for and limited by~~  
20 ~~sections 524.1701 and 524.1702,~~ a state association pursuant  
21 to section 534.507, or a federal association to the extent  
22 permitted by the laws of the United States, or, insofar as the  
23 word "trust" is concerned, an individual permissibly serving  
24 as a fiduciary in this state, pursuant to section 633.63, or,  
25 insofar as the words "trust" and "bank" are concerned, a  
26 nonresident corporate fiduciary permissibly serving as a  
27 fiduciary in this state pursuant to section 633.64.

28 Sec. 3. Section 524.217, subsection 4, Code 1989, is  
29 amended to read as follows:

30 4. The superintendent may furnish to the federal deposit  
31 insurance corporation and the federal reserve system, the  
32 office of the comptroller of the currency, federal home loan  
33 bank board, national credit union administration, and  
34 financial institution regulatory authorities of other states,  
35 or to any official or supervising examiner thereof, a copy of

1 the report of any or all examinations made of any state bank  
 2 and of any affiliate of a state bank ~~when-the-state-bank-is-a~~  
 3 ~~member-of-the-federal-reserve-system-or-to-the-federal-deposit~~  
 4 ~~insurance-corporation-when-the-deposits-of-the-state-bank-are~~  
 5 ~~insured-by-the-federal-deposit-insurance-corporation.~~

3140<sup>7</sup> 6 Sec. 4. Section 524.302, subsection 10, Code 1989, is  
 7 amended to read as follows:

8 10. Any At the election of the incorporators or  
 9 shareholders, a provision eliminating or limiting the personal  
 10 liability of a director to the corporation or its shareholders  
 11 for monetary damages for breach of fiduciary duty as a  
 12 director, provided that the provision does not eliminate or  
 13 limit the liability of a director for any breach of the  
 14 director's duty of loyalty to the corporation or its  
 15 shareholders, for acts or omissions not in good faith or which  
 16 involve intentional misconduct or a knowing violation of law,  
 17 for any transaction from which the director derives an  
 18 improper personal benefit, or under ~~subsections-1-and-2-of~~  
 19 section 524.605, subsection 1 and 2. A provision shall not  
 20 eliminate or limit the liability of a director for any act or  
 21 omission occurring prior to the date when the provision in the  
 22 articles of incorporation becomes effective.

23 Sec. 5. Section 524.302, Code 1989, is amended by adding  
 24 the following new subsection:

25 NEW SUBSECTION. 10A. The specific month in which the  
 26 annual meeting of shareholders shall be held.

27 Sec. 6. Section 524.814, Code 1989, is amended by adding  
 28 the following new subsection:

29 NEW SUBSECTION. 3. To secure participations sold to the  
 30 federal agricultural mortgage corporation.

31 Sec. 7. Section 524.901, subsection 1, paragraph b, Code  
 32 1989, is amended to read as follows:

33 b. Obligations issued by ~~any-or-all-of-the-federal-land~~  
 34 ~~banks,~~ any or all of the ~~federal-intermediate~~ farm credit  
 35 banks, any or all of the banks for co-operatives, and any or

1 all of the federal home loan banks, organized under the laws  
2 of the United States.

3 Sec. 8. Section 524.901, subsection 1, paragraph f, Code  
4 1989, is amended by striking the paragraph.

5 Sec. 9. Section 524.901, subsection 1, paragraph g, Code  
6 1989, is amended by striking the paragraph.

7 Sec. 10. Section 524.901, subsection 3, paragraph c, Code  
8 1989, is amended to read as follows:

9 c. When approved by the superintendent, shares and  
10 obligations of a corporation engaged solely in making loans  
11 for agricultural purposes eligible to discount or sell loans  
12 to a ~~federal-intermediate~~ farm credit bank, commonly known as  
13 an agricultural credit corporation, in amounts not to exceed  
14 twenty percent of the capital and surplus of the state bank.

15 Sec. 11. Section 524.901, subsection 3, paragraph i, Code  
16 1989, is amended to read as follows:

17 i. Shares or units of investment companies or investment  
18 trusts registered under the federal Investment Company Act of  
19 1940, 15 U.S.C. § 80a, the portfolio of which is limited to  
20 the United States obligations or Iowa general obligations  
21 described in subsection 1 or repurchase agreements fully  
22 collateralized by obligations described in subsection 1 if  
23 delivery of the collateral is taken either directly or through  
24 an authorized custodian, up to a maximum of twenty percent of  
25 capital and surplus of the state bank in any one company, -if  
26 the portfolio of such an investment company consists wholly of  
27 investments in which the state bank could invest directly  
28 without limitation pursuant to this section or trust.

29 Sec. 12. Section 524.901, Code 1989, is amended by adding  
30 the following new subsection:

31 NEW SUBSECTION. 7. A state bank may invest without  
32 limitation for its own account in futures, forward, and  
33 standby contracts to purchase and sell any of the instruments  
34 eligible for state banks' purchase and sale, subject to the  
35 prior approval of the superintendent and pursuant to

1 applicable federal laws and regulations governing such  
2 contracts. Purchase and sale of such contracts shall be  
3 conducted in accordance with safe and sound banking practices  
4 and with levels of the activity being reasonably related to  
5 the state bank's business needs and capacity to fulfill its  
6 obligations under the contracts.

7 Sec. 13. Section 524.904, subsection 3, paragraph b, Code  
8 1989, is amended to read as follows:

9 b. Obligations secured by real property pursuant to  
10 section 524.905 and installment obligations ~~made-pursuant-to~~  
11 ~~section-524-906~~, except to the extent any such obligations are  
12 secured, guaranteed, insured or covered by unconditional  
13 commitments or agreements to purchase by the United States,  
14 veterans administration, federal housing administration, small  
15 business administration, farmers home administration, a  
16 federal reserve bank, or other department, bureau, board,  
17 commission, agency, or establishment of the United States, or  
18 any corporation owned directly or indirectly by the United  
19 States.

20 Sec. 14. Section 524.907, Code 1989, is amended to read as  
21 follows:

22 524.907 PARTICIPATIONS.

23 A state bank may purchase and may sell, subject to the  
24 provisions of sections 524.901, 524.904, and 524.905, ~~and~~  
25 ~~524-906~~, and to such regulations as the superintendent may  
26 prescribe, participations in one or more evidences of  
27 indebtedness and agreements for the payment of money, and  
28 pools of bonds, securities, evidences of indebtedness and  
29 agreements for the payment of money.

30 Sec. 15. Section 524.1102, subsection 1, Code 1989, is  
31 amended to read as follows:

32 1. In the case of any one such affiliate, ten percent of  
33 the capital and surplus of ~~such~~ the state bank. However, a  
34 state bank may invest its funds in shares of a bank service  
35 corporation pursuant to subsection 524.803, subsection 1,

1 paragraph f, in an amount up to twenty percent of the capital  
2 and surplus of the state bank.

3 Sec. 16. Section 524.1102, unnumbered paragraph 4, Code  
4 1989, is amended to read as follows:

5 The provisions of this section shall not apply to loans or  
6 extensions of credit fully secured by obligations of the  
7 United States, or the ~~federal-intermediate~~ farm credit banks,  
8 ~~or the federal-land-banks~~, or the federal home loan banks, or  
9 obligations fully guaranteed by the United States as to  
10 principal and interest. The provisions of this section shall  
11 likewise not apply to indebtedness of any affiliate for unpaid  
12 balances due a state bank on assets purchased from such bank.

13 Sec. 17. Section 524.1103, subsection 2, Code 1989, is  
14 amended to read as follows:

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

18 Sec. 18. Section 524.1103, subsection 3, Code 1989, is  
19 amended to read as follows:

20 3. Engaged solely in holding obligations of the United  
21 States, the ~~federal-intermediate~~ farm credit banks, the  
22 ~~federal-land-banks~~, the federal home loan banks, or  
23 obligations fully guaranteed by the United States as to  
24 principal and interest.

25 Sec. 19. Section 524.1201, Code 1989, is amended to read  
26 as follows:

27 524.1201 GENERAL PROVISIONS.

28 ~~No~~ A bank shall not open or maintain a branch bank. A  
29 state bank may establish and operate bank offices subject to  
30 approval and regulation of the superintendent and to the  
31 restrictions upon location and number imposed by section  
32 524.1202. A bank office may furnish all banking services  
33 ordinarily furnished to customers and depositors at the  
34 principal place of business of the state bank which operates  
35 the office, and a bank office manager or an officer of the

1 bank shall be physically present at each bank office during a  
2 majority of its business hours. The central executive and  
3 official business and principal record-keeping recordkeeping  
4 functions of a state bank shall be exercised only at its  
5 principal place of business, except that data processing  
6 services referred to in section 524.804 may be performed for  
7 the state bank at some other point. All transactions of a  
8 bank office shall be immediately transmitted to the principal  
9 place of business of the state bank which operates the office,  
10 and no current record-keeping recordkeeping functions shall be  
11 maintained at a bank office except to the extent the state  
12 bank which operates the office deems it desirable to keep  
13 there duplicates of the records kept at the principal place of  
14 business of the state bank. Notwithstanding any of the  
15 provisions of this section, original trust recordkeeping  
16 functions may be centrally located at an authorized bank  
315717 office.

18 Sec. 20. Section 524.1202, subsection 3, Code 1989, is  
19 amended to read as follows:

20 3. Notwithstanding subsection 1, if the assets of a state  
21 or national bank in existence on January 1, ~~1985~~ 1989, are  
22 transferred to a different state or national bank in the state  
23 which is located in the same county or a county contiguous to  
24 or cornering upon the county in which the principal place of  
25 business of the acquired bank is located, the resulting or  
26 acquiring bank may convert to and operate as its bank office  
27 any one or more of the business locations occupied as the  
28 principal place of business or as a bank office of the bank  
29 whose assets are so acquired. The limitations on bank office  
30 locations contained in unnumbered paragraph 1 of this section,  
31 and the limitation on the number of bank offices within the  
32 municipality or urban complex of the resulting or acquiring  
33 bank contained in subsection 2 shall be applicable to any bank  
34 office otherwise authorized by this subsection. A bank office  
35 established under the authority of this subsection is subject

1 to the approval of the superintendent, shall be operated in  
2 accordance with this chapter relating to the operation of bank  
3 offices, and may be augmented by an integral facility when  
4 approved under subsection 2, paragraph "d".

5 Sec. 21. Section 524.1419, Code 1989, is amended to read  
6 as follows:

7 524.1419 OFFICES OF A RESULTING STATE BANK.

8 If a merger, consolidation or conversion results in a state  
9 bank subject to the provisions of this chapter, the resulting  
10 state bank shall, after the effective date of the merger,  
11 consolidation or conversion, be subject to all the provisions  
12 of sections 524.1201, 524.1202 and 524.1203 relating to the  
13 bank offices ~~and parking lot offices~~.

14 Sec. 22. Section 535.12, subsections 1 and 4, Code 1989,  
15 are amended to read as follows:

16 1. An agricultural credit corporation, as defined in  
17 subsection 4 ~~of this section~~, may lend money pursuant to a  
18 written promissory note or other writing evidencing the loan  
19 obligation, at a rate of interest which is not more than four  
20 percentage points above the lending rate in effect at the  
21 ~~federal-intermediate~~ farm credit bank of Omaha, Nebraska, for  
22 the month during which the writing evidencing the loan  
23 obligation is made, provided that the loan is for an  
24 agricultural production purpose as defined in subsection 5 ~~of~~  
25 ~~this section~~ and further provided that the loan would, but for  
26 this section, be subject to the maximum rate of interest  
27 prescribed by section 535.2, subsection 3, paragraph "a".

28 4. As used in this section, "agricultural credit  
29 corporation" means a corporation which has been designated by  
30 the ~~federal-intermediate~~ farm credit bank of Omaha, Nebraska,  
31 as an agricultural credit corporation eligible to sell or  
32 discount loans to that bank pursuant to ~~the provisions of~~ 12  
33 ~~United States Code~~, U.S.C. § 2074.

34 Sec. 23. Section 536.2, unnumbered paragraph 1, Code 1989,  
35 is amended to read as follows:



1 Application for such license shall be in writing, under  
2 oath, and in the form prescribed by the superintendent, and  
3 shall contain the name and the address (both of the residence  
4 and place of business) of the applicant, and if the applicant  
5 is a copartnership or association, of every member thereof,  
6 and if a corporation, of each officer and director thereof;  
7 also the county and municipality with street and number, if  
8 any, of the place where the business of making loans under the  
9 provisions of this chapter is to be conducted and such further  
10 relevant information as the superintendent may require. Such  
11 applicant at the time of making such application shall pay to  
12 the superintendent the sum of fifty dollars if the liquid  
13 assets of the applicant are not in excess of twenty thousand  
14 dollars, and the sum of one hundred dollars if the liquid  
15 assets of the applicant are in excess of twenty thousand  
16 dollars, as a fee for investigating the application and the  
17 additional sum of seventy-five one hundred twenty-five dollars  
18 if the liquid assets of the applicant are not in excess of  
19 twenty thousand dollars, and one-hundred-fifty two hundred  
20 fifty dollars if the liquid assets of the applicant are in  
21 excess of twenty thousand dollars, as an annual license fee.

22 Sec. 24. Section 536.16, subsection 1, Code 1989, is  
23 amended to read as follows:

24 1. Section 536.2 to the extent it requires payment of an  
25 annual license fee in excess of ten two hundred fifty dollars  
26 and requires a person to prove the person has any dollar  
27 amount of liquid assets or the use of any dollar amount in the  
28 conduct of the person's business at the licensed place of  
29 business.

30 Sec. 25. Section 536A.7, Code 1989, is amended to read as  
31 follows:

32 536A.7 APPLICATION FOR LICENSE.

33 Applications for licenses to engage in the business of  
34 operating industrial loan companies shall be in writing on  
35 such forms as may be prescribed by the auditor superintendent.

1 The application shall give the name of the corporation, the  
2 location where the business is to be conducted, the street  
3 address of the place of business, the names and addresses of  
4 the officers and directors of the corporation and such other  
5 relevant information as the superintendent shall require. At  
6 the time of making such application the applicant shall pay to  
31427 the superintendent the sum of fifty two hundred fifty dollars  
8 to cover the cost of the investigation of the applicant. The  
9 applicant shall also pay to the superintendent the sum of  
314210 fifty dollars as an annual license fee for the period ending  
11 December 31 next following the application; provided that if  
12 the license is granted after June 30 in any year, the license  
13 fee for the remainder of that year shall be twenty-five one  
14 hundred twenty-five dollars and any license fee paid by the  
15 applicant in excess of that amount shall be refunded by the  
16 auditor superintendent.

17 Sec. 26. Section 536A.30, subsection 1, Code 1989, is  
18 amended to read as follows:

19 1. Section 536A.7, to the extent it requires payment of an  
20 annual license fee in excess of ten two hundred fifty dollars.

21 Sec. 27. Section 554.9203, subsection 4, Code 1989, is  
22 amended to read as follows:

23 4. A transaction, although subject to this Article, is  
24 also subject to chapters 322, 534, 535, 536, 536A ~~and-section~~  
25 ~~524-906~~, and the Iowa consumer credit code, where applicable,  
26 and in the case of conflict between the provisions of this  
27 Article and those statutes, the provisions of those statutes  
28 control. Failure to comply with any applicable statute has  
29 only the effect which is specified therein.

30 Sec. 28. Section 524.906, Code 1989, is repealed.

31 EXPLANATION

32 This bill makes several changes in chapter 524 regulating  
33 banks within the state. Changes vary from technical  
34 definition changes to conform with changes in federal law to  
35 resolution of apparent conflicts between existing sections.

1 Some changes expand the authority of the superintendent of  
2 banking or expand or contract the authority of the regulated  
3 banks.

4 Section 1 redefines "bank" as used in chapter 524 to  
5 conform with the recently enacted federal Competitive Equality  
6 Banking Act of 1987.

7 Section 2 alters the limits on the use of "bank" in  
8 financial institution titles to recognize the use of the term  
9 "savings bank" by certain savings and loan associations under  
10 federal and state law and to eliminate reference to private  
11 banks which are no longer authorized under Iowa law.

12 Section 3 specifically names other federal and state  
13 regulatory authorities with which the superintendent may share  
14 confidential materials. This extends the existing general  
15 authorization to share such materials with federal and state  
16 regulatory authorities.

17 Section 4 grants discretion to incorporators and  
18 shareholders regarding the issue of director liability.  
19 Current law requires a provision in the articles of  
20 incorporation of a state bank which eliminates or limits the  
21 personal liability of a director.

22 Section 5 requires the articles to list the specific month  
23 in which the annual shareholders' meeting is to be held.

24 Section 6 allows state banks to pledge assets for the  
25 purpose of selling loan participations to the federal  
26 agricultural mortgage corporation (FarmerMac). Presently,  
27 Iowa banking law limits the pledging of assets to two purposes  
28 -- to secure public funds and to secure borrowed moneys.

29 Sections 7, 10, 16, 17, 18, and 22 make conforming  
30 amendments to reflect the merger of the federal farm credit  
31 system in 1987. References to the federal land banks and  
32 their intermediate credit banks are changed to refer to the  
33 new federal term, "farm credit banks".

34 Sections 8 and 12 relocate an existing paragraph as a new  
35 subsection under the same Code section. The amendment governs

1 futures, forward, and standby contracts to purchase and sell  
2 any of the instruments eligible for state banks' purchase and  
3 sale.

4 Sections 9 and 11 provide that the twenty percent  
5 investment limit of capital and surplus applies to all  
6 authorized mutual fund investments.

7 Sections 13, 14, and 27 make amendments to conform with the  
8 repeal of Code section 524.906 in section 29 of the bill.

9 Section 15 increases the authorized percentage of  
10 investment in a bank service corporation from ten to twenty  
11 percent.

12 Section 19 permits a state bank to perform its trust  
13 functions as a single designated bank office location which is  
14 other than its principal place of business. Presently, all  
15 trust recordkeeping must be kept at the principal place of  
16 business.

17 Section 20 authorizes banks chartered in two-bank  
18 municipalities since January 1, 1985, to be acquired and to be  
19 operated as a bank office subsequent to acquisition.

20 Section 21 deletes the phrase "parking lot offices" from  
21 section 524.1419 because parking lot offices are no longer  
22 authorized under sections 524.1201 through 524.1203, because  
23 of prior statutory amendments.

24 Sections 23 through 26 increase and provide uniform fees  
25 for regulated and industrial loan licenses. Additionally,  
26 nonresident fees are also increased to be equal to other  
27 regulated and industrial loan license fees.

28 Section 28 repeals section 524.906.

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HOUSE FILE 234

H-3140

1 Amend House File 234 as follows:  
2 1. Page 2, by inserting after line 5, the  
3 following:  
4 "Sec. \_\_\_\_ . Section 524.225, Code 1989, is amended  
5 to read as follows:  
6 524.225 JUDICIAL REVIEW.  
7 Judicial review of the actions of the  
8 superintendent may be sought in accordance with the  
9 ~~terms of the Iowa administrative procedure Act chapter~~  
10 17A. However, contested case provisions of chapter  
11 17A, the Iowa administrative procedure Act, do not  
12 apply to an action by the superintendent to take over  
13 the management of or to manage a state bank, as  
14 authorized by sections 524.224 and 524.226."

By RENKEN of Grundy

H-3140 FILED FEBRUARY 13, 1989

*adopted 2-16-89 (p. 495)*

HOUSE FILE 234

H-3142

1 Amend House File 234 as follows:  
2 1. Page 9, by striking line 7 and inserting the  
3 following: "the superintendent the sum of fifty  
4 dollars".  
5 2. Page 9, by striking line 10 and inserting the  
6 following: "two hundred fifty dollars as an annual  
7 license fee for the period ending".

By JESSE of Jasper

H-3142 FILED FEBRUARY 13, 1989

*adopted 2-16-89 (p. 495)*

HOUSE FILE 234

H-3157

1 Amend House File 234, as follows:  
2 1. Page 6, line 17, by inserting after the word  
3 "office." the following: "Original loan documentation  
4 recordkeeping functions may be located at an  
5 authorized bank office, subject to the approval of the  
6 superintendent."

By JESSE of Jasper

H-3157 FILED FEBRUARY 15, 1989

*Adopted 2-16-89 (p. 495)*

Sen. Wayne Means  
DO PASS 4-16-89 (p. 1244)

HOUSE FILE 234  
BY COMMITTEE ON SMALL  
BUSINESS AND COMMERCE

(As Amended and Passed by the House February 16, 1989)

(SUCCESSOR TO HSB 178)

Re Passed House, Date 4-25-89 (p188) Passed Senate, Date 4-10-89 (p1281)  
Vote: Ayes 92 Nays 0 Vote: Ayes 48 Nays 0  
Approved May 29, 1989

**A BILL FOR**

1 An Act relating to entities and subject matter regulated by the  
2 department of commerce, division of banking, including banks,  
3 regulated loans, and industrial loan companies.

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

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House Amendments \_\_\_\_\_

3980,3488-

1 Section 1. Section 524.103, subsection 5, Code 1989, is  
2 amended to read as follows:

3 5. "Bank" means any-person a corporation engaged in the  
4 business of banking, authorized by law to receive deposits and  
5 ~~subject-to-supervision-by-banking-authorities-of-the-United~~  
6 ~~States-or-of-any-state~~ whose deposits are insured by the  
7 federal deposit insurance corporation.

3980,3488

8 Sec. 2. Section 524.107, subsection 2, Code 1989, is  
9 amended to read as follows:

10 2. No A person doing business in this state shall not use  
11 the words "bank" or "trust" or use any derivative, plural, or  
12 compound of the words "bank", "banking", "bankers", or "trust"  
13 in any manner which would tend to create the impression that  
14 such the person is authorized to engage in the business of  
15 banking or to act in a fiduciary capacity, except a state bank  
16 authorized to do so by ~~the-provisions-of~~ this chapter, or a  
17 national bank to the extent permitted by the laws of the  
18 United States, ~~or,-insofar-as-the-word-"bank"-is-concerned,-a~~  
19 ~~private-bank-to-the-extent-provided-for-and-limited-by~~  
20 sections-524-1701-and-524-1702, a state association pursuant  
21 to section 534.507, or a federal association to the extent  
22 permitted by the laws of the United States, or, insofar as the  
23 word "trust" is concerned, an individual permissibly serving  
24 as a fiduciary in this state, pursuant to section 633.63, or,  
25 insofar as the words "trust" and "bank" are concerned, a  
26 nonresident corporate fiduciary permissibly serving as a  
27 fiduciary in this state pursuant to section 633.64.

3980,3488

28 Sec. 3. Section 524.217, subsection 4, Code 1989, is  
29 amended to read as follows:

3980,3488

30 4. The superintendent may furnish to the federal deposit  
31 insurance corporation and the federal reserve system, the  
32 office of the comptroller of the currency, federal home loan  
33 bank board, national credit union administration, and  
34 financial institution regulatory authorities of other states,  
35 or to any official or supervising examiner thereof, a copy of

1 the report of any or all examinations made of any state bank  
 2 and of any affiliate of a state bank ~~when the state bank is a~~  
 3 ~~member of the federal reserve system or to the federal deposit~~  
 4 ~~insurance corporation when the deposits of the state bank are~~  
 5 ~~insured by the federal deposit insurance corporation.~~

6 Sec. 4. Section 524.225, Code 1989, is amended to read as  
 7 follows:

8 524.225 JUDICIAL REVIEW.

9 Judicial review of the actions of the superintendent may be  
 10 sought in accordance with the terms of the Iowa administrative  
 11 procedure Act chapter 17A. However, contested case provisions  
 12 of chapter 17A, the Iowa administrative procedure Act, do not  
 13 apply to an action by the superintendent to take over the  
 14 management of or to manage a state bank, as authorized by  
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 20 liability of a director to the corporation or its shareholders  
 21 for monetary damages for breach of fiduciary duty as a  
 22 director, provided that the provision does not eliminate or  
 23 limit the liability of a director for any breach of the  
 24 director's duty of loyalty to the corporation or its  
 25 shareholders, for acts or omissions not in good faith or which  
 26 involve intentional misconduct or a knowing violation of law,  
 27 for any transaction from which the director derives an  
 28 improper personal benefit, or under subsections 1 and 2 of  
 29 section 524.605, subsection 1 and 2. A provision shall not  
 30 eliminate or limit the liability of a director for any act or  
 31 omission occurring prior to the date when the provision in the  
 32 articles of incorporation becomes effective.

33 Sec. 6. Section 524.302, Code 1989, is amended by adding  
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35 NEW SUBSECTION. 10A. The specific month in which the



1 annual meeting of shareholders shall be held.

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3 the following new subsection:

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5 federal agricultural mortgage corporation.

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8 b. Obligations issued by ~~any or all of the federal and~~  
9 ~~banks,~~ any or all of the ~~federal-intermediate~~ farm credit  
10 banks, any or all of the banks for co-operatives, and any or  
11 all of the federal home loan banks, organized under the laws  
12 of the United States.

13 Sec. 9. Section 524.901, subsection 1, paragraph f, Code  
14 1989, is amended by striking the paragraph.

15 Sec. 10. Section 524.901, subsection 1, paragraph g, Code  
16 1989, is amended by striking the paragraph.

17 Sec. 11. Section 524.901, subsection 3, paragraph c, Code  
18 1989, is amended to read as follows:

19 c. When approved by the superintendent, shares and  
20 obligations of a corporation engaged solely in making loans  
21 for agricultural purposes eligible to discount or sell loans  
22 to a ~~federal-intermediate~~ farm credit bank, commonly known as  
23 an agricultural credit corporation, in amounts not to exceed  
24 twenty percent of the capital and surplus of the state bank.

25 Sec. 12. Section 524.901, subsection 3, paragraph i, Code  
26 1989, is amended to read as follows:

27 i. Shares or units of investment companies or investment  
28 trusts registered under the federal Investment Company Act of  
29 1940, 15 U.S.C. § 80a, the portfolio of which is limited to  
30 the United States obligations or Iowa general obligations  
31 described in subsection 1 or repurchase agreements fully  
32 collateralized by obligations described in subsection 1 if  
33 delivery of the collateral is taken either directly or through  
34 an authorized custodian, up to a maximum of twenty percent of  
35 capital and surplus of the state bank in any one company; ~~if~~

1 the-portfolio-of-such-an-investment-company-consists-wholly-of  
2 investments-in-which-the-state-bank-could-invest-directly  
3 without-limitation-pursuant-to-this-section or trust.

4 Sec. 13. Section 524.901, Code 1989, is amended by adding  
5 the following new subsection:

6 NEW SUBSECTION. 7. A state bank may invest without  
7 limitation for its own account in futures, forward, and  
8 standby contracts to purchase and sell any of the instruments  
9 eligible for state banks' purchase and sale, subject to the  
10 prior approval of the superintendent and pursuant to  
11 applicable federal laws and regulations governing such  
12 contracts. Purchase and sale of such contracts shall be  
13 conducted in accordance with safe and sound banking practices  
14 and with levels of the activity being reasonably related to  
15 the state bank's business needs and capacity to fulfill its  
16 obligations under the contracts.

17 Sec. 14. Section 524.904, subsection 3, paragraph b, Code  
18 1989, is amended to read as follows:

19 b. Obligations secured by real property pursuant to  
20 section 524.905 and installment obligations ~~made-pursuant-to~~  
21 ~~section-524-906~~, except to the extent any such obligations are  
22 secured, guaranteed, insured or covered by unconditional  
23 commitments or agreements to purchase by the United States,  
24 veterans administration, federal housing administration, small  
25 business administration, farmers home administration, a  
26 federal reserve bank, or other department, bureau, board,  
27 commission, agency, or establishment of the United States, or  
28 any corporation owned directly or indirectly by the United  
29 States.

30 Sec. 15. Section 524.907, Code 1989, is amended to read as  
31 follows:

32 524.907 PARTICIPATIONS.

33 A state bank may purchase and may sell, subject to the  
34 provisions of sections 524.901, 524.904, and 524.905, ~~and~~  
35 524-906, and to such regulations as the superintendent may

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1 prescribe, participations in one or more evidences of  
2 indebtedness and agreements for the payment of money, and  
3 pools of bonds, securities, evidences of indebtedness and  
4 agreements for the payment of money.

5 Sec. 16. Section 524.1102, subsection 1, Code 1989, is  
6 amended to read as follows:

7 1. In the case of any one such affiliate, ten percent of  
8 the capital and surplus of ~~such~~ the state bank. However, a  
9 state bank may invest its funds in shares of a bank service  
10 corporation pursuant to subsection 524.803, subsection 1,  
11 paragraph f, in an amount up to twenty percent of the capital  
12 and surplus of the state bank.

13 Sec. 17. Section 524.1102, unnumbered paragraph 4, Code  
14 1989, is amended to read as follows:

15 The provisions of this section shall not apply to loans or  
16 extensions of credit fully secured by obligations of the  
17 United States, or the ~~federal-intermediate~~ farm credit banks,  
18 ~~or-the-federal-land-banks~~, or the federal home loan banks, or  
19 obligations fully guaranteed by the United States as to  
20 principal and interest. The provisions of this section shall  
21 likewise not apply to indebtedness of any affiliate for unpaid  
22 balances due a state bank on assets purchased from such bank.

23 Sec. 18. Section 524.1103, subsection 2, Code 1989, is  
24 amended to read as follows:

25 2. Engaged solely in conducting a safe-deposit business or  
26 the business of an agricultural credit corporation eligible to  
27 discount loans with a ~~federal-intermediate~~ farm credit bank.

28 Sec. 19. Section 524.1103, subsection 3, Code 1989, is  
29 amended to read as follows:

30 3. Engaged solely in holding obligations of the United  
31 States, the ~~federal-intermediate~~ farm credit banks, the  
32 ~~federal-land-banks~~, the federal home loan banks, or  
33 obligations fully guaranteed by the United States as to  
34 principal and interest.

35 Sec. 20. Section 524.1201, Code 1989, is amended to read

1 as follows:

2 524.1201 GENERAL PROVISIONS.

3 ~~No~~ A bank shall not open or maintain a branch bank. A  
4 state bank may establish and operate bank offices subject to  
5 approval and regulation of the superintendent and to the  
6 restrictions upon location and number imposed by section  
7 524.1202. A bank office may furnish all banking services  
8 ordinarily furnished to customers and depositors at the  
9 principal place of business of the state bank which operates  
10 the office, and a bank office manager or an officer of the  
11 bank shall be physically present at each bank office during a  
12 majority of its business hours. The central executive and  
13 official business and principal record-keeping recordkeeping  
14 functions of a state bank shall be exercised only at its  
15 principal place of business, except that data processing  
16 services referred to in section 524.804 may be performed for  
17 the state bank at some other point. All transactions of a  
18 bank office shall be immediately transmitted to the principal  
19 place of business of the state bank which operates the office,  
20 and no current record-keeping recordkeeping functions shall be  
21 maintained at a bank office except to the extent the state  
22 bank which operates the office deems it desirable to keep  
23 there duplicates of the records kept at the principal place of  
24 business of the state bank. Notwithstanding any of the  
25 provisions of this section, original trust recordkeeping  
26 functions may be centrally located at an authorized bank  
27 office. Original loan documentation recordkeeping functions  
28 may be located at an authorized bank office, subject to the  
29 approval of the superintendent.

30 Sec. 21. Section 524.1202, subsection 3, Code 1989, is  
31 amended to read as follows:

32 3. Notwithstanding subsection 1, if the assets of a state  
33 or national bank in existence on January 1, ~~1985~~ 1989, are  
34 transferred to a different state or national bank in the state  
35 which is located in the same county or a county contiguous to

1 or cornering upon the county in which the principal place of  
2 business of the acquired bank is located, the resulting or  
3 acquiring bank may convert to and operate as its bank office  
4 any one or more of the business locations occupied as the  
5 principal place of business or as a bank office of the bank  
6 whose assets are so acquired. The limitations on bank office  
7 locations contained in unnumbered paragraph 1 of this section,  
8 and the limitation on the number of bank offices within the  
9 municipality or urban complex of the resulting or acquiring  
10 bank contained in subsection 2 shall be applicable to any bank  
11 office otherwise authorized by this subsection. A bank office  
12 established under the authority of this subsection is subject  
13 to the approval of the superintendent, shall be operated in  
14 accordance with this chapter relating to the operation of bank  
15 offices, and may be augmented by an integral facility when  
16 approved under subsection 2, paragraph "d".

17 Sec. 22. Section 524.1419, Code 1989, is amended to read  
18 as follows:

19 524.1419 OFFICES OF A RESULTING STATE BANK.

20 If a merger, consolidation or conversion results in a state  
21 bank subject to the provisions of this chapter, the resulting  
22 state bank shall, after the effective date of the merger,  
23 consolidation or conversion, be subject to all the provisions  
24 of sections 524.1201, 524.1202 and 524.1203 relating to the  
25 bank offices ~~and parking lot offices.~~

26 Sec. 23. Section 535.12, subsections 1 and 4, Code 1989,  
27 are amended to read as follows:

28 1. An agricultural credit corporation, as defined in  
29 subsection 4 ~~of this section~~, may lend money pursuant to a  
30 written promissory note or other writing evidencing the loan  
31 obligation, at a rate of interest which is not more than four  
32 percentage points above the lending rate in effect at the  
33 ~~federal-intermediate~~ farm credit bank of Omaha, Nebraska, for  
34 the month during which the writing evidencing the loan  
35 obligation is made, provided that the loan is for an

1 agricultural production purpose as defined in subsection 5 of  
2 ~~this-section~~ and further provided that the loan would, but for  
3 this section, be subject to the maximum rate of interest  
4 prescribed by section 535.2, subsection 3, paragraph "a".

5 4. As used in this section, "agricultural credit  
6 corporation" means a corporation which has been designated by  
7 the ~~federal-intermediate~~ farm credit bank of Omaha, Nebraska,  
8 as an agricultural credit corporation eligible to sell or  
9 discount loans to that bank pursuant to ~~the-provisions-of~~ 12  
10 ~~United-States-Code~~, U.S.C. § 2074.

11 Sec. 24. Section 536.2, unnumbered paragraph 1, Code 1989,  
12 is amended to read as follows:

13 Application for such license shall be in writing, under  
14 oath, and in the form prescribed by the superintendent, and  
15 shall contain the name and the address (both of the residence  
16 and place of business) of the applicant, and if the applicant  
17 is a copartnership or association, of every member thereof,  
18 and if a corporation, of each officer and director thereof;  
19 also the county and municipality with street and number, if  
20 any, of the place where the business of making loans under the  
21 provisions of this chapter is to be conducted and such further  
22 relevant information as the superintendent may require. Such  
23 applicant at the time of making such application shall pay to  
24 the superintendent the sum of fifty dollars if the liquid  
25 assets of the applicant are not in excess of twenty thousand  
26 dollars, and the sum of one hundred dollars if the liquid  
27 assets of the applicant are in excess of twenty thousand  
28 dollars, as a fee for investigating the application and the  
29 additional sum of ~~seventy-five~~ one hundred twenty-five dollars  
30 if the liquid assets of the applicant are not in excess of  
31 twenty thousand dollars, and ~~one-hundred-fifty~~ two hundred  
32 fifty dollars if the liquid assets of the applicant are in  
33 excess of twenty thousand dollars, as an annual license fee.

34 Sec. 25. Section 536.16, subsection 1, Code 1989, is  
35 amended to read as follows:

1 1. Section 536.2 to the extent it requires payment of an  
2 annual license fee in excess of ten two hundred fifty dollars  
3 and requires a person to prove the person has any dollar  
4 amount of liquid assets or the use of any dollar amount in the  
5 conduct of the person's business at the licensed place of  
6 business.

7 Sec. 26. Section 536A.7, Code 1989, is amended to read as  
8 follows:

9 536A.7 APPLICATION FOR LICENSE.

10 Applications for licenses to engage in the business of  
11 operating industrial loan companies shall be in writing on  
12 such forms as may be prescribed by the ~~auditor~~ superintendent.  
13 The application shall give the name of the corporation, the  
14 location where the business is to be conducted, the street  
15 address of the place of business, the names and addresses of  
16 the officers and directors of the corporation and such other  
17 relevant information as the superintendent shall require. At  
18 the time of making such application the applicant shall pay to  
19 the superintendent the sum of fifty dollars to cover the cost  
20 of the investigation of the applicant. The applicant shall  
21 also pay to the superintendent the sum of two hundred fifty  
22 dollars as an annual license fee for the period ending  
23 December 31 next following the application; provided that if  
24 the license is granted after June 30 in any year, the license  
25 fee for the remainder of that year shall be ~~twenty-five~~ one  
26 hundred twenty-five dollars and any license fee paid by the  
27 applicant in excess of that amount shall be refunded by the  
28 ~~auditor~~ superintendent.

29 Sec. 27. Section 536A.30, subsection 1, Code 1989, is  
30 amended to read as follows:

31 1. Section 536A.7, to the extent it requires payment of an  
32 annual license fee in excess of ~~ten~~ two hundred fifty dollars.

33 Sec. 28. Section 554.9203, subsection 4, Code 1989, is  
34 amended to read as follows:

35 4. A transaction, although subject to this Article, is

1 also subject to chapters 322, 534, 535, 536, 536A and-section  
2 524-906, and the Iowa consumer credit code, where applicable,  
3 and in the case of conflict between the provisions of this  
4 Article and those statutes, the provisions of those statutes  
5 control. Failure to comply with any applicable statute has  
6 only the effect which is specified therein.

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7 Sec. 29. Section 524.906, Code 1989, is repealed.

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## HOUSE FILE 234

S-3488

1 Amend House File 234, as amended, passed, and  
2 reprinted by the House, as follows:  
3 1. Page 1, by inserting before line 1, the  
4 following:  
5 "Sec. \_\_\_\_\_. Section 523A.2, subsection 1, paragraph  
6 a, Code 1989, is amended to read as follows:  
7 a. All funds held in trust under section 523A.1  
8 shall be deposited in a state or federally insured  
9 bank, savings and loan association, or credit union  
10 authorized to conduct business in this state, or trust  
11 department thereof, or in a trust company authorized  
12 to conduct business in this state, within thirty days  
13 after the receipt of the funds and shall be held in a  
14 separate account or in one common trust fund under a  
15 trust agreement in the name of the depositor in trust  
16 for the designated beneficiary until released pursuant  
17 to section 523A.1."  
18 2. Page 1, by inserting after line 7, the  
19 following:  
20 "Sec. \_\_\_\_\_. Section 524.103, Code 1989, is amended  
21 by adding the following new subsection:  
22 NEW SUBSECTION. 28. "Trust company" means a  
23 business organization which is authorized to engage in  
24 trust business pursuant to section 524.1005. A bank  
25 lawfully granted trust powers under the laws of this  
26 state or of the United States is not a trust company  
27 by reason of having authority to engage in trust  
28 business in addition to its general business."  
29 3. Page 1, by striking line 28, and inserting the  
30 following:  
31 "Sec. \_\_\_\_\_. Section 524.217, subsections 1, 2, 4,  
32 5, and 7, Code 1989, are".  
33 4. Page 1, by inserting after line 29, the  
34 following:  
35 "1. The superintendent shall have power to make or  
36 cause to be made an examination of every state bank  
37 and trust company whenever in the superintendent's  
38 judgment such examination is necessary or advisable,  
39 but in no event less frequently than once during each  
40 eighteen-month period. During the course of each  
41 examination of a state bank or trust company, inquiry  
42 shall be made as to its financial condition, the  
43 security afforded to those to whom it is obligated,  
44 the policies of its management, whether the  
45 requirements of law have been complied with in the  
46 administration of its affairs, and such other matters  
47 as the superintendent may prescribe. The  
48 superintendent shall also have power to make or cause  
49 to be made such limited examinations at such times and  
50 with such frequency as the superintendent may deem

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1 necessary and advisable to determine the condition of  
2 any state bank or trust company and whether any person  
3 has violated any of the provisions of this chapter.

4 2. The superintendent shall have power to make or  
5 cause to be made an examination of any corporation in  
6 which the state bank or trust company owns shares  
7 except corporations described in paragraphs "a" and  
8 "b" of subsection 3 of section 524.901. The  
9 superintendent shall also have power, upon application  
10 to and order of the district court of Polk county, to  
11 make or cause to be made an examination of any person  
12 having business transactions or a relationship with  
13 any state bank or trust company when such an  
14 examination is deemed necessary and advisable in order  
15 to determine whether the capital of the state bank or  
16 trust company is impaired or whether the safety of its  
17 deposits has been imperiled. The fee for any such  
18 examination shall be paid by the state bank or trust  
19 company."

20 5. Page 2, by inserting after line 5, the  
21 following:

22 "5. A copy of the report of each examination of a  
23 state bank or trust company shall be transmitted by  
24 the superintendent to the board of directors of the  
25 state bank or trust company except to the extent that  
26 the report of any such examination may be confidential  
27 to the superintendent, and each member of the board of  
28 directors shall furnish to the superintendent, on  
29 forms to be supplied by the superintendent, a  
30 statement that the member has read the report of  
31 examination.

32 7. The report of examination of any affiliate or  
33 of any person examined as provided for in subsection 2  
34 ~~of this section~~ shall not be transmitted by the  
35 superintendent to any such affiliate or person or to  
36 any state bank or trust company or to the board of  
37 directors of any state bank or trust company unless  
38 authorized or requested by such affiliate or person."

39 6. Page 5, by inserting after line 4, the  
40 following:

41 "Sec. \_\_\_\_ . Section 524.1005, Code 1989, is amended  
42 to read as follows:

43 524.1005 TRUST COMPANIES OPERATING ON JANUARY 1,  
44 1970.

45 1. A trust company existing and operating on  
46 January 1, 1970 and which was authorized to act only  
47 as a trust company may continue to act only in a  
48 fiduciary capacity according to the terms of its  
49 articles of incorporation. The articles of  
50 incorporation of the trust company may be renewed in

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1 perpetuity. When applicable, this chapter applies to  
2 the operations of the trust company. Section 524.107,  
3 subsection 2, regarding the use of the word "trust"  
4 does not apply to a trust company subject to this  
5 section.

6 2. Notwithstanding subsection 1, a trust company  
7 shall have the power to do all of the following:

8 a. Acquire and hold, or lease as lessee, such  
9 personal property as is used, or is to be used, in its  
10 operations.

11 b. Subject to the prior approval of the  
12 superintendent, acquire and hold, or lease as lessee,  
13 only such real property as is used, or is to be used,  
14 wholly or substantially, in its operations or acquired  
15 for future use.

16 c. Subject to the prior approval of the  
17 superintendent, acquire and hold shares of a  
18 corporation engaged solely in holding and operating  
19 real property used wholly or substantially by the  
20 trust company in its operation or acquired for its  
21 future use.

22 d. Subject to the prior approval of the  
23 superintendent, acquire and hold shares of a  
24 corporation organized to perform, or performing,  
25 functions or activities that may be performed by a  
26 trust company, including activities of a fiduciary,  
27 agency, or custodial nature, in the manner authorized  
28 by federal or state law, as long as the corporation is  
29 not a bank and does not make loans and investments or  
30 accept deposits other than the following permitted  
31 deposits:

32 (1) Deposits that are generated from trust funds  
33 not currently invested and that are properly secured  
34 to the extent required by law.

35 (2) Deposits representing funds received for a  
36 special use in the capacity of managing agent or  
37 custodian for an owner of, or investor in, real  
38 property, securities, or other personal property; or  
39 for such owner or investor as agent or custodian of  
40 funds held for investment or as escrow agent; or for  
41 an issuer of, or broker or dealer in securities, in a  
42 capacity such as a paying agent, dividend disbursing  
43 agent, or securities clearing agent. However, such  
44 deposits shall not be employed by or for the account  
45 of the customer in the manner of a general purpose  
46 checking account or interest-bearing account.

47 (3) Making call loans to securities dealers or  
48 purchasing money market instruments such as  
49 certificates of deposit, commercial paper, government  
50 or municipal securities, and bankers acceptances.

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1 Such authorized loans and investments, however, shall  
2 not be used as a method of channeling funds to  
3 nontrust company affiliates of the trust company.

4 e. Subject to the prior approval of the  
5 superintendent, acquire and hold shares of a  
6 corporation organized to perform, or performing, the  
7 collection of charges and premiums from, or adjusting  
8 and settling claims on, residents of this state and  
9 any other state where authorized or qualified to  
10 conduct such activity, in connection with life or  
11 health insurance coverage or annuities."

12 7. Page 10, by inserting after line 6, the  
13 following:

14 "Sec. \_\_\_\_ . Section 633.63, subsection 2, Code  
15 1989, is amended to read as follows:

16 2. Banks and trust companies organized under the  
17 laws of the United States or state banks, when  
18 approved by the superintendent of banking under  
19 section 524.1001, and trust companies authorized to  
20 engage in trust business pursuant to section 524.1005,  
21 are authorized to act in a fiduciary capacity in  
22 Iowa."

23 8. By renumbering as necessary.

By COMMITTEE ON COMMERCE

WILLIAM D. PALMER, Chairperson

S-3488 FILED MARCH 29, 1989

*Adopted 4-10-89 LP-1281*

SENATE AMENDMENT TO HOUSE FILE 234

H-3980

1 Amend House File 234, as amended, passed, and  
2 reprinted by the House, as follows:

3 1. Page 1, by inserting before line 1, the  
4 following:

5 "Sec. \_\_\_\_\_. Section 523A.2, subsection 1, paragraph  
6 a, Code 1989, is amended to read as follows:

7 a. All funds held in trust under section 523A.1  
8 shall be deposited in a state or federally insured  
9 bank, savings and loan association, or credit union  
10 authorized to conduct business in this state, or trust  
11 department thereof, or in a trust company authorized  
12 to conduct business in this state, within thirty days  
13 after the receipt of the funds and shall be held in a  
14 separate account or in one common trust fund under a  
15 trust agreement in the name of the depositor in trust  
16 for the designated beneficiary until released pursuant  
17 to section 523A.1."

18 2. Page 1, by inserting after line 7, the  
19 following:

20 "Sec. \_\_\_\_\_. Section 524.103, Code 1989, is amended  
21 by adding the following new subsection:

22 NEW SUBSECTION. 28. "Trust company" means a  
23 business organization which is authorized to engage in  
24 trust business pursuant to section 524.1005. A bank  
25 lawfully granted trust powers under the laws of this  
26 state or of the United States is not a trust company  
27 by reason of having authority to engage in trust  
28 business in addition to its general business."

29 3. Page 1, by striking line 28, and inserting the  
30 following:

31 "Sec. \_\_\_\_\_. Section 524.217, subsections 1, 2, 4,  
32 5, and 7, Code 1989, are".

33 4. Page 1, by inserting after line 29, the  
34 following:

35 "1. The superintendent shall have power to make or  
36 cause to be made an examination of every state bank  
37 and trust company whenever in the superintendent's  
38 judgment such examination is necessary or advisable,  
39 but in no event less frequently than once during each  
40 eighteen-month period. During the course of each  
41 examination of a state bank or trust company, inquiry  
42 shall be made as to its financial condition, the  
43 security afforded to those to whom it is obligated,  
44 the policies of its management, whether the  
45 requirements of law have been complied with in the  
46 administration of its affairs, and such other matters  
47 as the superintendent may prescribe. The  
48 superintendent shall also have power to make or cause  
49 to be made such limited examinations at such times and  
50 with such frequency as the superintendent may deem

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Page 2

1 necessary and advisable to determine the condition of  
2 any state bank or trust company and whether any person  
3 has violated any of the provisions of this chapter.

4 2. The superintendent shall have power to make or  
5 cause to be made an examination of any corporation in  
6 which the state bank or trust company owns shares  
7 except corporations described in paragraphs "a" and  
8 "b" of subsection 3 of section 524.901. The  
9 superintendent shall also have power, upon application  
10 to and order of the district court of Polk county, to  
11 make or cause to be made an examination of any person  
12 having business transactions or a relationship with  
13 any state bank or trust company when such an  
14 examination is deemed necessary and advisable in order  
15 to determine whether the capital of the state bank or  
16 trust company is impaired or whether the safety of its  
17 deposits has been imperiled. The fee for any such  
18 examination shall be paid by the state bank or trust  
19 company."

20 5. Page 2, by inserting after line 5, the  
21 following:

22 "5. A copy of the report of each examination of a  
23 state bank or trust company shall be transmitted by  
24 the superintendent to the board of directors of the  
25 state bank or trust company except to the extent that  
26 the report of any such examination may be confidential  
27 to the superintendent, and each member of the board of  
28 directors shall furnish to the superintendent, on  
29 forms to be supplied by the superintendent, a  
30 statement that the member has read the report of  
31 examination.

32 7. The report of examination of any affiliate or  
33 of any person examined as provided for in subsection 2  
34 ~~of this section~~ shall not be transmitted by the  
35 superintendent to any such affiliate or person or to  
36 any state bank or trust company or to the board of  
37 directors of any state bank or trust company unless  
38 authorized or requested by such affiliate or person."

39 6. Page 5, by inserting after line 4, the  
40 following:

41 "Sec. \_\_\_\_ . Section 524.1005, Code 1989, is amended  
42 to read as follows:

43 524.1005 TRUST COMPANIES OPERATING ON JANUARY 1,  
44 1970.

45 1. A trust company existing and operating on  
46 January 1, 1970 and which was authorized to act only  
47 as a trust company may continue to act only in a  
48 fiduciary capacity according to the terms of its  
49 articles of incorporation. The articles of  
50 incorporation of the trust company may be renewed in

1 perpetuity. When applicable, this chapter applies to  
2 the operations of the trust company. Section 524.107,  
3 subsection 2, regarding the use of the word "trust"  
4 does not apply to a trust company subject to this  
5 section.

6 2. Notwithstanding subsection 1, a trust company  
7 shall have the power to do all of the following:

8 a. Acquire and hold, or lease as lessee, such  
9 personal property as is used, or is to be used, in its  
10 operations.

11 b. Subject to the prior approval of the  
12 superintendent, acquire and hold, or lease as lessee,  
13 only such real property as is used, or is to be used,  
14 wholly or substantially, in its operations or acquired  
15 for future use.

16 c. Subject to the prior approval of the  
17 superintendent, acquire and hold shares of a  
18 corporation engaged solely in holding and operating  
19 real property used wholly or substantially by the  
20 trust company in its operation or acquired for its  
21 future use.

22 d. Subject to the prior approval of the  
23 superintendent, acquire and hold shares of a  
24 corporation organized to perform, or performing,  
25 functions or activities that may be performed by a  
26 trust company, including activities of a fiduciary,  
27 agency, or custodial nature, in the manner authorized  
28 by federal or state law, as long as the corporation is  
29 not a bank and does not make loans and investments or  
30 accept deposits other than the following permitted  
31 deposits:

32 (1) Deposits that are generated from trust funds  
33 not currently invested and that are properly secured  
34 to the extent required by law.

35 (2) Deposits representing funds received for a  
36 special use in the capacity of managing agent or  
37 custodian for an owner of, or investor in, real  
38 property, securities, or other personal property; or  
39 for such owner or investor as agent or custodian of  
40 funds held for investment or as escrow agent; or for  
41 an issuer of, or broker or dealer in securities, in a  
42 capacity such as a paying agent, dividend disbursing  
43 agent, or securities clearing agent. However, such  
44 deposits shall not be employed by or for the account  
45 of the customer in the manner of a general purpose  
46 checking account or interest-bearing account.

47 (3) Making call loans to securities dealers or  
48 purchasing money market instruments such as  
49 certificates of deposit, commercial paper, government  
50 or municipal securities, and bankers acceptances.

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1 Such authorized loans and investments, however, shall  
2 not be used as a method of channeling funds to  
3 nontrust company affiliates of the trust company.  
4 e. Subject to the prior approval of the  
5 superintendent, acquire and hold shares of a  
6 corporation organized to perform, or performing, the  
7 collection of charges and premiums from, or adjusting  
8 and settling claims on, residents of this state and  
9 any other state where authorized or qualified to  
10 conduct such activity, in connection with life or  
11 health insurance coverage or annuities."

12 7. Page 10, by inserting after line 6, the  
13 following:

14 "Sec. \_\_\_\_ . Section 633.63, subsection 2, Code  
15 1989, is amended to read as follows:

16 2. Banks and trust companies organized under the  
17 laws of the United States or state banks, when  
18 approved by the superintendent of banking under  
19 section 524.1001, and trust companies authorized to  
20 engage in trust business pursuant to section 524.1005,  
21 are authorized to act in a fiduciary capacity in  
22 Iowa."

23 8. By renumbering as necessary.

RECEIVED FROM THE SENATE

H-3980 FILED APRIL 12, 1989

*House Concurrent 425-89 (p. 1898)*



HOUSE FILE 234

AN ACT

RELATING TO ENTITIES AND SUBJECT MATTER REGULATED BY THE DEPARTMENT OF COMMERCE, DIVISION OF BANKING, INCLUDING BANKS, REGULATED LOANS, AND INDUSTRIAL LOAN COMPANIES.

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

Section 1. Section 523A.2, subsection 1, paragraph a, Code 1989, is amended to read as follows:

a. All funds held in trust under section 523A.1 shall be deposited in a state or federally insured bank, savings and loan association, or credit union authorized to conduct business in this state, or trust department thereof, or in a trust company authorized to conduct business in this state, within thirty days after the receipt of the funds and shall be held in a separate account or in one common trust fund under a trust agreement in the name of the depositor in trust for the designated beneficiary until released pursuant to section 523A.1.

Sec. 2. Section 524.103, subsection 5, Code 1989, is amended to read as follows:

5. "Bank" means any person a corporation engaged in the business of banking, authorized by law to receive deposits and subject to supervision by banking authorities of the United States or of any state whose deposits are insured by the federal deposit insurance corporation.

Sec. 3. Section 524.103, Code 1989, is amended by adding the following new subsection:

**NEW SUBSECTION.** 28. "Trust company" means a business organization which is authorized to engage in trust business pursuant to section 524.1005. A bank lawfully granted trust powers under the laws of this state or of the United States is not a trust company by reason of having authority to engage in

trust business in addition to its general business.

Sec. 4. Section 524.107, subsection 2, Code 1989, is amended to read as follows:

2. ~~No~~ A person doing business in this state shall not use the words "bank" or "trust" or use any derivative, plural, or compound of the words "bank", "banking", "bankers", or "trust" in any manner which would tend to create the impression that such the person is authorized to engage in the business of banking or to act in a fiduciary capacity, except a state bank authorized to do so by ~~the provisions of~~ this chapter, or a national bank to the extent permitted by the laws of the United States, ~~or, insofar as the word "bank" is concerned, a private bank to the extent provided for and limited by sections 524.1701 and 524.1702,~~ a state association pursuant to section 534.507, or a federal association to the extent permitted by the laws of the United States, or, insofar as the word "trust" is concerned, an individual permissibly serving as a fiduciary in this state, pursuant to section 633.63, or, insofar as the words "trust" and "bank" are concerned, a nonresident corporate fiduciary permissibly serving as a fiduciary in this state pursuant to section 633.64.

Sec. 5. Section 524.217, subsections 1, 2, 4, 5, and 7, Code 1989, are amended to read as follows:

1. The superintendent shall have power to make or cause to be made an examination of every state bank and trust company whenever in the superintendent's judgment such examination is necessary or advisable, but in no event less frequently than once during each eighteen-month period. During the course of each examination of a state bank or trust company, inquiry shall be made as to its financial condition, the security afforded to those to whom it is obligated, the policies of its management, whether the requirements of law have been complied with in the administration of its affairs, and such other matters as the superintendent may prescribe. The superintendent shall also have power to make or cause to be

made such limited examinations at such times and with such frequency as the superintendent may deem necessary and advisable to determine the condition of any state bank or trust company and whether any person has violated any of the provisions of this chapter.

2. The superintendent shall have power to make or cause to be made an examination of any corporation in which the state bank or trust company owns shares except corporations described in paragraphs "a" and "b" of subsection 3 of section 524.901. The superintendent shall also have power, upon application to and order of the district court of Polk county, to make or cause to be made an examination of any person having business transactions or a relationship with any state bank or trust company when such an examination is deemed necessary and advisable in order to determine whether the capital of the state bank or trust company is impaired or whether the safety of its deposits has been imperiled. The fee for any such examination shall be paid by the state bank or trust company.

4. The superintendent may furnish to the federal deposit insurance corporation and the federal reserve system, the office of the comptroller of the currency, federal home loan bank board, national credit union administration, and financial institution regulatory authorities of other states, or to any official or supervising examiner thereof, a copy of the report of any or all examinations made of any state bank and of any affiliate of a state bank ~~when the state bank is a member of the federal reserve system or to the federal deposit insurance corporation when the deposits of the state bank are insured by the federal deposit insurance corporation.~~

5. A copy of the report of each examination of a state bank or trust company shall be transmitted by the superintendent to the board of directors of the state bank or trust company except to the extent that the report of any such examination may be confidential to the superintendent, and

each member of the board of directors shall furnish to the superintendent, on forms to be supplied by the superintendent, a statement that the member has read the report of examination.

7. The report of examination of any affiliate or of any person examined as provided for in subsection 2 ~~of this section~~ shall not be transmitted by the superintendent to any such affiliate or person or to any state bank or trust company or to the board of directors of any state bank or trust company unless authorized or requested by such affiliate or person.

Sec. 6. Section 524.225, Code 1989, is amended to read as follows:

524.225 JUDICIAL REVIEW.

Judicial review of the actions of the superintendent may be sought in accordance with ~~the terms of the Iowa administrative procedure Act chapter 17A.~~ However, contested case provisions of chapter 17A, the Iowa administrative procedure Act, do not apply to an action by the superintendent to take over the management of or to manage a state bank, as authorized by sections 524.224 and 524.226.

Sec. 7. Section 524.302, subsection 10, Code 1989, is amended to read as follows:

10. Any At the election of the incorporators or shareholders, a provision eliminating or limiting the personal liability of a director to the corporation or its shareholders for monetary damages for breach of fiduciary duty as a director, provided that the provision does not eliminate or limit the liability of a director for any breach of the director's duty of loyalty to the corporation or its shareholders, for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, for any transaction from which the director derives an improper personal benefit, or under ~~subsections 1 and 2 of section 524.605,~~ subsection 1 and 2. A provision shall not

eliminate or limit the liability of a director for any act or omission occurring prior to the date when the provision in the articles of incorporation becomes effective.

Sec. 8. Section 524.302, Code 1989, is amended by adding the following new subsection:

NEW SUBSECTION. 10A. The specific month in which the annual meeting of shareholders shall be held.

Sec. 9. Section 524.814, Code 1989, is amended by adding the following new subsection:

NEW SUBSECTION. 3. To secure participations sold to the federal agricultural mortgage corporation.

Sec. 10. Section 524.901, subsection 1, paragraph b, Code 1989, is amended to read as follows:

b. Obligations issued by ~~any or all of the federal land banks, any or all of the federal intermediate farm credit banks, any or all of the banks for co-operatives, and any or all of the federal home loan banks, organized under the laws of the United States.~~

Sec. 11. Section 524.901, subsection 1, paragraph f, Code 1989, is amended by striking the paragraph.

Sec. 12. Section 524.901, subsection 1, paragraph g, Code 1989, is amended by striking the paragraph.

Sec. 13. Section 524.901, subsection 3, paragraph c, Code 1989, is amended to read as follows:

c. When approved by the superintendent, shares and obligations of a corporation engaged solely in making loans for agricultural purposes eligible to discount or sell loans to a ~~federal intermediate farm~~ credit bank, commonly known as an agricultural credit corporation, in amounts not to exceed twenty percent of the capital and surplus of the state bank.

Sec. 14. Section 524.901, subsection 3, paragraph i, Code 1989, is amended to read as follows:

i. Shares or units of investment companies or investment trusts registered under the federal Investment Company Act of 1940, 15 U.S.C. § 80a, the portfolio of which is limited to

the United States obligations or Iowa general obligations described in subsection 1 or repurchase agreements fully collateralized by obligations described in subsection 1 if delivery of the collateral is taken either directly or through an authorized custodian, up to a maximum of twenty percent of capital and surplus of the state bank in any one company, if the portfolio of such an investment company consists wholly of investments in which the state bank could invest directly without limitation pursuant to this section or trust.

Sec. 15. Section 524.901, Code 1989, is amended by adding the following new subsection:

NEW SUBSECTION. 7. A state bank may invest without limitation for its own account in futures, forward, and standby contracts to purchase and sell any of the instruments eligible for state banks' purchase and sale, subject to the prior approval of the superintendent and pursuant to applicable federal laws and regulations governing such contracts. Purchase and sale of such contracts shall be conducted in accordance with safe and sound banking practices and with levels of the activity being reasonably related to the state bank's business needs and capacity to fulfill its obligations under the contracts.

Sec. 16. Section 524.904, subsection 3, paragraph b, Code 1989, is amended to read as follows:

b. Obligations secured by real property pursuant to section 524.905 and installment obligations ~~made pursuant to section 524.906,~~ except to the extent any such obligations are secured, guaranteed, insured or covered by unconditional commitments or agreements to purchase by the United States, veterans administration, federal housing administration, small business administration, farmers home administration, a federal reserve bank, or other department, bureau, board, commission, agency, or establishment of the United States, or any corporation owned directly or indirectly by the United States.

Sec. 17. Section 524.907, Code 1989, is amended to read as follows:

524.907 PARTICIPATIONS.

A state bank may purchase and may sell, subject to the provisions of sections 524.901, 524.904, and 524.905, and 524.906, and to such regulations as the superintendent may prescribe, participations in one or more evidences of indebtedness and agreements for the payment of money, and pools of bonds, securities, evidences of indebtedness and agreements for the payment of money.

Sec. 18. Section 524.1005, Code 1989, is amended to read as follows:

524.1005 TRUST COMPANIES OPERATING ON JANUARY 1, 1970.

1. A trust company existing and operating on January 1, 1970 and which was authorized to act only as a trust company may continue to act only in a fiduciary capacity according to the terms of its articles of incorporation. The articles of incorporation of the trust company may be renewed in perpetuity. When applicable, this chapter applies to the operations of the trust company. Section 524.107, subsection 2, regarding the use of the word "trust" does not apply to a trust company subject to this section.

2. Notwithstanding subsection 1, a trust company shall have the power to do all of the following:

- a. Acquire and hold, or lease as lessee, such personal property as is used, or is to be used, in its operations.
- b. Subject to the prior approval of the superintendent, acquire and hold, or lease as lessee, only such real property as is used, or is to be used, wholly or substantially, in its operations or acquired for future use.
- c. Subject to the prior approval of the superintendent, acquire and hold shares of a corporation engaged solely in holding and operating real property used wholly or substantially by the trust company in its operation or acquired for its future use.

d. Subject to the prior approval of the superintendent, acquire and hold shares of a corporation organized to perform, or performing, functions or activities that may be performed by a trust company, including activities of a fiduciary, agency, or custodial nature, in the manner authorized by federal or state law, as long as the corporation is not a bank and does not make loans and investments or accept deposits other than the following permitted deposits:

(1) Deposits that are generated from trust funds not currently invested and that are properly secured to the extent required by law.

(2) Deposits representing funds received for a special use in the capacity of managing agent or custodian for an owner of, or investor in, real property, securities, or other personal property; or for such owner or investor as agent or custodian of funds held for investment or as escrow agent; or for an issuer of, or broker or dealer in securities, in a capacity such as a paying agent, dividend disbursing agent, or securities clearing agent. However, such deposits shall not be employed by or for the account of the customer in the manner of a general purpose checking account or interest-bearing account.

(3) Making call loans to securities dealers or purchasing money market instruments such as certificates of deposit, commercial paper, government or municipal securities, and bankers acceptances. Such authorized loans and investments, however, shall not be used as a method of channeling funds to nontrust company affiliates of the trust company.

e. Subject to the prior approval of the superintendent, acquire and hold shares of a corporation organized to perform, or performing, the collection of charges and premiums from, or adjusting and settling claims on, residents of this state and any other state where authorized or qualified to conduct such activity, in connection with life or health insurance coverage or annuities.

Sec. 19. Section 524.1102, subsection 1, Code 1989, is amended to read as follows:

1. In the case of any one such affiliate, ten percent of the capital and surplus of ~~such~~ the state bank. However, a state bank may invest its funds in shares of a bank service corporation pursuant to subsection 524.803, subsection 1, paragraph f, in an amount up to twenty percent of the capital and surplus of the state bank.

Sec. 20. Section 524.1102, unnumbered paragraph 4, Code 1989, is amended to read as follows:

The provisions of this section shall not apply to loans or extensions of credit fully secured by obligations of the United States, or the ~~federal-intermediate farm~~ credit banks, ~~or-the-federal-land-banks~~, or the federal home loan banks, or obligations fully guaranteed by the United States as to principal and interest. The provisions of this section shall likewise not apply to indebtedness of any affiliate for unpaid balances due a state bank on assets purchased from such bank.

Sec. 21. Section 524.1103, subsection 2, Code 1989, is amended to read as follows:

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

Sec. 22. Section 524.1103, subsection 3, Code 1989, is amended to read as follows:

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

Sec. 23. Section 524.1201, Code 1989, is amended to read as follows:

524.1201 GENERAL PROVISIONS.

No A bank shall not open or maintain a branch bank. A state bank may establish and operate bank offices subject to

approval and regulation of the superintendent and to the restrictions upon location and number imposed by section 524.1202. A bank office may furnish all banking services ordinarily furnished to customers and depositors at the principal place of business of the state bank which operates the office, and a bank office manager or an officer of the bank shall be physically present at each bank office during a majority of its business hours. The central executive and official business and principal ~~record-keeping~~ recordkeeping functions of a state bank shall be exercised only at its principal place of business, except that data processing services referred to in section 524.804 may be performed for the state bank at some other point. All transactions of a bank office shall be immediately transmitted to the principal place of business of the state bank which operates the office, and no current ~~record-keeping~~ recordkeeping functions shall be maintained at a bank office except to the extent the state bank which operates the office deems it desirable to keep there duplicates of the records kept at the principal place of business of the state bank. Notwithstanding any of the provisions of this section, original trust recordkeeping functions may be centrally located at an authorized bank office. Original loan documentation recordkeeping functions may be located at an authorized bank office, subject to the approval of the superintendent.

Sec. 24. Section 524.1202, subsection 3, Code 1989, is amended to read as follows:

3. Notwithstanding subsection 1, if the assets of a state or national bank in existence on January 1, ~~1985~~ 1989, are transferred to a different state or national bank in the state which is located in the same county or a county contiguous to or cornering upon the county in which the principal place of business of the acquired bank is located, the resulting or acquiring bank may convert to and operate as its bank office any one or more of the business locations occupied as the

principal place of business or as a bank office of the bank whose assets are so acquired. The limitations on bank office locations contained in unnumbered paragraph 1 of this section, and the limitation on the number of bank offices within the municipality or urban complex of the resulting or acquiring bank contained in subsection 2 shall be applicable to any bank office otherwise authorized by this subsection. A bank office established under the authority of this subsection is subject to the approval of the superintendent, shall be operated in accordance with this chapter relating to the operation of bank offices, and may be augmented by an integral facility when approved under subsection 2, paragraph "d".

Sec. 25. Section 524.1419, Code 1989, is amended to read as follows:

524.1419 OFFICES OF A RESULTING STATE BANK.

If a merger, consolidation or conversion results in a state bank subject to the provisions of this chapter, the resulting state bank shall, after the effective date of the merger, consolidation or conversion, be subject to all the provisions of sections 524.1201, 524.1202 and 524.1203 relating to the bank offices ~~and parking lot offices~~.

Sec. 26. Section 535.12, subsections 1 and 4, Code 1989, are amended to read as follows:

1. An agricultural credit corporation, as defined in subsection 4 ~~of this section~~, may lend money pursuant to a written promissory note or other writing evidencing the loan obligation, at a rate of interest which is not more than four percentage points above the lending rate in effect at the ~~federal-intermediate~~ farm credit bank of Omaha, Nebraska, for the month during which the writing evidencing the loan obligation is made, provided that the loan is for an agricultural production purpose as defined in subsection 5 ~~of this section~~ and further provided that the loan would, but for this section, be subject to the maximum rate of interest prescribed by section 535.2, subsection 3, paragraph "a".

4. As used in this section, "agricultural credit corporation" means a corporation which has been designated by the ~~federal-intermediate~~ farm credit bank of Omaha, Nebraska, as an agricultural credit corporation eligible to sell or discount loans to that bank pursuant to ~~the provisions of~~ 12 ~~United-States-Code~~, U.S.C. § 2074.

Sec. 27. Section 536.2, unnumbered paragraph 1, Code 1989, is amended to read as follows:

Application for such license shall be in writing, under oath, and in the form prescribed by the superintendent, and shall contain the name and the address (both of the residence and place of business) of the applicant, and if the applicant is a copartnership or association, of every member thereof, and if a corporation, of each officer and director thereof; also the county and municipality with street and number, if any, of the place where the business of making loans under the provisions of this chapter is to be conducted and such further relevant information as the superintendent may require. Such applicant at the time of making such application shall pay to the superintendent the sum of fifty dollars if the liquid assets of the applicant are not in excess of twenty thousand dollars, and the sum of one hundred dollars if the liquid assets of the applicant are in excess of twenty thousand dollars, as a fee for investigating the application and the additional sum of ~~seventy-five~~ one hundred twenty-five dollars if the liquid assets of the applicant are not in excess of twenty thousand dollars, and ~~one-hundred-fifty~~ two hundred fifty dollars if the liquid assets of the applicant are in excess of twenty thousand dollars, as an annual license fee.

Sec. 28. Section 536.16, subsection 1, Code 1989, is amended to read as follows:

1. Section 536.2 to the extent it requires payment of an annual license fee in excess of ~~ten~~ two hundred fifty dollars and requires a person to prove the person has any dollar amount of liquid assets or the use of any dollar amount in the

conduct of the person's business at the licensed place of business.

Sec. 29. Section 536A.7, Code 1989, is amended to read as follows:

536A.7 APPLICATION FOR LICENSE.

Applications for licenses to engage in the business of operating industrial loan companies shall be in writing on such forms as may be prescribed by the auditor superintendent. The application shall give the name of the corporation, the location where the business is to be conducted, the street address of the place of business, the names and addresses of the officers and directors of the corporation and such other relevant information as the superintendent shall require. At the time of making such application the applicant shall pay to the superintendent the sum of fifty dollars to cover the cost of the investigation of the applicant. The applicant shall also pay to the superintendent the sum of two hundred fifty dollars as an annual license fee for the period ending December 31 next following the application; provided that if the license is granted after June 30 in any year, the license fee for the remainder of that year shall be twenty-five one hundred twenty-five dollars and any license fee paid by the applicant in excess of that amount shall be refunded by the auditor superintendent.

Sec. 30. Section 536A.30, subsection 1, Code 1989, is amended to read as follows:

1. Section 536A.7, to the extent it requires payment of an annual license fee in excess of ~~ten~~ two hundred fifty dollars.

Sec. 31. Section 554.9203, subsection 4, Code 1989, is amended to read as follows:

4. A transaction, although subject to this Article, is also subject to chapters 322, 534, 535, 536, 536A and ~~section 524-906~~, and the Iowa consumer credit code, where applicable, and in the case of conflict between the provisions of this Article and those statutes, the provisions of those statutes

control. Failure to comply with any applicable statute has only the effect which is specified therein.

Sec. 32. Section 633.63, subsection 2, Code 1989, is amended to read as follows:

2. Banks and trust companies organized under the laws of the United States or state banks, when approved by the superintendent of banking under section 524.1001, and trust companies authorized to engage in trust business pursuant to section 524.1005, are authorized to act in a fiduciary capacity in Iowa.

Sec. 33. Section 524.906, Code 1989, is repealed.

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DONALD D. AVENSON  
Speaker of the House

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JO ANN ZIMMERMAN  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 234, Seventy-third General Assembly.

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JOSEPH O'HERN  
Chief Clerk of the House

Approved May 29, 1989

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TERRY E. BRANSTAD  
Governor