

MARCH 28 1991

1991 CALENDAR

HOUSE FILE 556  
BY COMMITTEE ON JUDICIARY AND  
LAW ENFORCEMENT

(SUCCESSOR TO HSB 124)

Passed House, Date 3/5/91 (p. 811)

Passed Senate, Date 5/6/91 (p. 1684)

Vote: Ayes 64 Nays 34

Vote: Ayes 42 Nays 6

Approved May 28, 1991

*Re-passed House as demanded by Senate*

5/6/91 (p. 2140)  
68-29

A BILL FOR

1 An Act relating to corporation law by providing electronic access  
2 to corporate records, relating to the removal or resignation  
3 of directors, relating to certain notice requirements, and by  
4 making certain nonsubstantive corrections.

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

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HF 556

1 Section 1. NEW SECTION. 9.7 ACCESS TO CORPORATION  
2 RECORDS.

3 The secretary of state shall offer to county recorders  
4 electronic access to corporation records. The secretary of  
5 state shall adopt rules providing for the electronic access  
6 and for the dissemination of the information by the county  
7 recorders.

8 Sec. 2. Section 331.602, subsection 27, Code 1991, is  
9 amended by striking the subsection.

10 Sec. 3. Section 490.140, subsection 16, Code 1991, is  
11 amended to read as follows:

12 16. "Person" means a person as defined in section 4.1 and  
13 ~~includes an individual and an entity.~~

14 Sec. 4. Section 490.720, subsection 4, Code 1991, is  
15 amended to read as follows:

16 4. If the corporation refuses to allow a shareholder, or a  
17 shareholder's agent or attorney, to inspect the shareholders'  
18 list before or at the meeting, or copy the list as permitted  
19 by subsection 3 2, the district court of the county where a  
20 corporation's principal office or, if none in this state, its  
21 registered office, is located, on application of the  
22 shareholder, may summarily order the inspection or copying at  
23 the corporation's expense and may postpone the meeting for  
24 which the list was prepared until the inspection or copying is  
25 complete.

26 Sec. 5. Section 490.803, subsection 3, Code 1991, is  
27 amended to read as follows:

28 3. The articles of incorporation or bylaws may establish a  
29 variable range for the size of the board of directors by  
30 fixing a minimum and maximum number of directors. If a  
31 variable range is established, the number of directors may be  
32 fixed or changed from time to time, within the minimum and  
33 maximum, by the shareholders or the board of directors. After  
34 shares are issued, only the shareholders may change the range  
35 for the size of the board or change from a ~~fixed-range~~ fixed

1 to a variable-range size board or vice versa.

2 Sec. 6. Section 490.808, subsection 4, Code 1991, is  
3 amended to read as follows:

4 4. A director may be removed by the shareholders only at a  
5 meeting called for the purpose of removing the director and  
6 after notice stating that the purpose, or one of the purposes,  
7 of the meeting is removal of the director. A director shall  
8 not be removed pursuant to written consents under section  
9 490.704 unless written consents are obtained from the holders  
10 of all the outstanding shares of the corporation entitled to  
11 vote on the removal of the director.

12 Sec. 7. Section 490.1322, subsection 2, Code 1991, is  
13 amended to read as follows:

14 2. The dissenters' notice must be sent no later than ten  
15 days after the proposed corporate action by the shareholders  
16 was taken is authorized at a shareholders' meeting, or, if the  
17 corporate action is taken without a vote of the shareholders,  
18 no later than ten days after the corporate action is taken,  
19 and must do all of the following:

20 a. State where the payment demand must be sent and where  
21 and when certificates for certificated shares must be  
22 deposited.

23 b. Inform holders of uncertificated shares to what extent  
24 transfer of the shares will be restricted after the payment  
25 demand is received.

26 c. Supply a form for demanding payment that includes the  
27 date of the first announcement to news media or to  
28 shareholders of the terms of the proposed corporate action and  
29 requires that the person asserting dissenters' rights certify  
30 whether or not the person acquired beneficial ownership of the  
31 shares before that date.

32 d. Set a date by which the corporation must receive the  
33 payment demand, which date shall not be fewer than thirty nor  
34 more than sixty days after the date the ~~subsection-1~~  
35 dissenters' notice is delivered.

1 e. Be accompanied by a copy of this division.

2 Sec. 8. Section 490.1325, subsection 1, Code 1991, is  
3 amended to read as follows:

4 1. Except as provided in section 490.1327, ~~as seen as~~ at  
5 the time the proposed corporate action is taken, or upon  
6 receipt of a payment demand, whichever occurs later, the  
7 corporation shall pay each dissenter who complied with section  
8 490.1323 the amount the corporation estimates to be the fair  
9 value of the dissenter's shares, plus accrued interest.

10 Sec. 9. Section 490.1326, subsection 2, Code 1991, is  
11 amended to read as follows:

12 2. If after returning deposited certificates and releasing  
13 transfer restrictions, the corporation takes the proposed  
14 action, it must send a new dissenters' notice under section  
15 490.1322 as if the corporate action was taken without a vote  
16 of the shareholders and repeat the payment demand procedure.

17 Sec. 10. Section 524.306, Code 1991, is amended to read as  
18 follows:

19 524.306 ISSUANCE OF CERTIFICATE OF INCORPORATION.

20 The receipt of the approved articles of incorporation of a  
21 state bank by the secretary of state constitutes filing with  
22 that office. The secretary of state shall record the articles  
23 of incorporation and forward a copy of them to the county  
24 recorder of the county in which the state bank is to have its  
25 principal place of business. ~~The county recorder shall record~~  
26 ~~the articles, all as provided by section 490.130.~~ The  
27 secretary of state upon the filing of the articles of  
28 incorporation shall issue a certificate of incorporation and  
29 send the certificate to the incorporators.

30 Sec. 11. Section 558.42, Code 1991, is amended to read as  
31 follows:

32 558.42 ACKNOWLEDGMENT AS CONDITION PRECEDENT.

33 It shall not be deemed lawfully recorded, unless it has  
34 been previously acknowledged or proved in the manner  
35 prescribed in this chapter or chapter 77A, except that

1 ~~documents-filed-and-recorded-pursuant-to-section-490.130,~~  
2 affidavits, and certified copies of petitions in bankruptcy  
3 with or without the schedules appended, of decrees of  
4 adjudication in bankruptcy, and of orders approving trustees'  
5 bonds in bankruptcy, and Uniform Commercial Code financing  
6 statements and financing statement changes need not be thus  
7 acknowledged.

8 Sec. 12. Section 490.130, Code 1991, is repealed.

9

EXPLANATION

10 Section 1 provides that the secretary of state is to offer  
11 to county recorders electronic access to corporate records.

12 Sections 2 through 5 are corrective.

13 Section 6 provides that the requirement of obtaining  
14 written consents from all shareholders for the removal of a  
15 director is limited to obtaining the written consents only  
16 from those shareholders entitled to vote on the removal of the  
17 director.

18 Section 7 provides that a dissenters' notice must be sent  
19 no later than 10 days after the proposed corporate action is  
20 authorized at a shareholders' meeting. If the corporate  
21 action is taken without a vote of the shareholders, the notice  
22 must be sent no later than 10 days after the action is taken.

23 Section 8 provides that payment by a corporation for a  
24 dissenter's shares must be at the time the proposed corporate  
25 action is taken resulting in the dissenters' notice, or at the  
26 time of the receipt of a payment demand, whichever is later.

27 Section 9 provides that a corporation which returns  
28 deposited certificates and releases transfer restrictions, and  
29 then takes an action previously subject to a dissenters'  
30 notice, must send a new dissenters' notice as if the corporate  
31 action was taken without a vote of the shareholders.

32 Sections 10 and 11 make conforming changes related to the  
33 repeal of section 490.130, which requires that a domestic  
34 corporation provide the secretary of state with a copy of each  
35 document, except an annual report which does not change the

1 registered office or registered agent of the corporation,  
2 delivered for filing with the secretary of state. Section  
3 490.130 also requires that copies of certain documents filed  
4 with the secretary of state be sent to the county recorder.

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HOUSE FILE 556

S-3271

- 1 Amend House File 556 as follows:  
2 1. Page 2, by inserting after line 11, the  
3 following:  
4 "Sec. \_\_\_\_ . Section 490.843, subsection 1, Code  
5 1991, is amended to read as follows:  
6 1. An officer may resign at any time by delivering  
7 notice to the corporation. A resignation is effective  
8 when the notice is delivered unless the notice  
9 specifies a later effective date. If a resignation is  
10 made effective at a later date and the corporation  
11 accepts the future effective date, its board of  
12 directors may fill the pending vacancy before the  
13 effective date if the board of directors provides that  
14 the successor does not take office until the effective  
15 date. A resignation may be orally communicated  
16 provided that the resignation is effective only if  
17 written notice of the resignation is delivered within  
18 twenty-four hours of such oral communication."  
19 2. By renumbering as necessary.

By RICHARD VARN  
AL STURGEON

S-3271 FILED APRIL 2, 1991

*Adopted 5/6/91 (p. 1683)*

HOUSE FILE 556

S-3718

- 1 Amend House File 556, as passed by the House, as  
2 follows:  
3 1. By striking page 3, line 17, through page 4,  
4 line 8.

By WILMER RENSINK  
ALLEN BORLAUG  
RICHARD VANDE HOEF

JOHN W. JENSEN  
ALVIN V. MILLER

S-3718 FILED MAY 6, 1991

LOST (*p. 1683*)

HOUSE FILE 556

S-3720

- 1 Amend House File 556 as passed by the House as  
2 follows:  
3 1. Page 3, by inserting after line 16 the  
4 following:  
5 "Sec. \_\_\_\_ . Section 490.1430, subsection 2,  
6 paragraph c, Code 1991, is amended by striking the  
7 paragraph and inserting in lieu thereof the following:  
8 c. The shareholders are deadlocked in voting power  
9 and have failed, at an annual meeting, to elect  
10 successors to directors whose terms have expired;  
11 provided that a special meeting of shareholders is  
12 held within sixty days subsequent to the annual  
13 meeting and the deadlock continues. For purposes of  
14 this subsection only, the special meeting may be  
15 called by shareholders holding more than ten percent  
16 of those shares entitled to vote in the election of  
17 directors upon a minimum of 10 days' notice."

By JAMES R. RIORDAN

S-3720 FILED MAY 6, 1991

LOST (*p. 1683*)

SENATE AMENDMENT TO HOUSE FILE 556

H-4067

1 Amend House File 556 as follows:

2 1. Page 2, by inserting after line 11, the  
3 following:

4 "Sec. \_\_\_\_ . Section 490.843, subsection 1, Code  
5 1991, is amended to read as follows:

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11 accepts the future effective date, its board of  
12 directors may fill the pending vacancy before the  
13 effective date if the board of directors provides that  
14 the successor does not take office until the effective  
15 date. A resignation may be orally communicated  
16 provided that the resignation is effective only if  
17 written notice of the resignation is delivered within  
18 twenty-four hours of such oral communication."

19 2. By renumbering as necessary.

RECEIVED FROM THE SENATE

H-4067 FILED MAY 6, 1991

CONCURRED (J. 2135)



Blanchard-CHAIR  
Peterson of Carroll  
Hobson of Clayton

HSB 124  
Judiciary & Law Enforcement

HOUSE FILE 556  
BY (PROPOSED COMMITTEE ON  
JUDICIARY AND LAW  
ENFORCEMENT BILL BY  
CHAIRPERSON JAY)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

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5 state shall adopt rules providing for the electronic access  
6 and for the dissemination of the information by the county  
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12 16. "Person" means a person as defined in section 4.1 and  
13 ~~includes an individual and an entity.~~

14 Sec. 4. Section 490.720, subsection 4, Code 1991, is  
15 amended to read as follows:

16 4. If the corporation refuses to allow a shareholder, or a  
17 shareholder's agent or attorney, to inspect the shareholders'  
18 list before or at the meeting, or copy the list as permitted  
19 by subsection 3 2, the district court of the county where a  
20 corporation's principal office or, if none in this state, its  
21 registered office, is located, on application of the  
22 shareholder, may summarily order the inspection or copying at  
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29 variable range for the size of the board of directors by  
30 fixing a minimum and maximum number of directors. If a  
31 variable range is established, the number of directors may be  
32 fixed or changed from time to time, within the minimum and  
33 maximum, by the shareholders or the board of directors. After  
34 shares are issued, only the shareholders may change the range  
35 for the size of the board or change from a ~~fixed-range~~ fixed

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5 meeting called for the purpose of removing the director and  
6 after notice stating that the purpose, or one of the purposes,  
7 of the meeting is removal of the director. A director shall  
8 not be removed pursuant to written consents under section  
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10 of all the outstanding shares of the corporation entitled to  
11 vote on the removal of the director.

12 Sec. 7. Section 490.843, subsection 1, Code 1991, is  
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15 to the corporation. A resignation is effective when the  
16 notice is delivered, or orally communicated, unless the notice  
17 specifies a later effective date. If a resignation is made  
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19 future effective date, its board of directors may fill the  
20 pending vacancy before the effective date if the board of  
21 directors provides that the successor does not take office  
22 until the effective date.

23 Sec. 8. Section 490.1322, subsection 2, Code 1991, is  
24 amended to read as follows:

25 2. The dissenters' notice must be sent no later than ten  
26 days after the proposed corporate action by-the-shareholders  
27 was-taken is authorized at a shareholders' meeting, or, if the  
28 corporate action is taken without a vote of the shareholders,  
29 no later than ten days after the corporate action is taken,  
30 and must do all of the following:

31 a. State where the payment demand must be sent and where  
32 and when certificates for certificated shares must be  
33 deposited.

34 b. Inform holders of uncertificated shares to what extent  
35 transfer of the shares will be restricted after the payment

1 demand is received.

2 c. Supply a form for demanding payment that includes the  
3 date of the first announcement to news media or to  
4 shareholders of the terms of the proposed corporate action and  
5 requires that the person asserting dissenters' rights certify  
6 whether or not the person acquired beneficial ownership of the  
7 shares before that date.

8 d. Set a date by which the corporation must receive the  
9 payment demand, which date shall not be fewer than thirty nor  
10 more than sixty days after the date the ~~subsection-1~~  
11 dissenters' notice is delivered.

12 e. Be accompanied by a copy of this division.

13 Sec. 9. Section 490.1325, subsection 1, Code 1991, is  
14 amended to read as follows:

15 1. Except as provided in section 490.1327, ~~as-soon-as~~ at  
16 the time the proposed corporate action is taken, or upon  
17 receipt of a payment demand, whichever occurs later, the  
18 corporation shall pay each dissenter who complied with section  
19 490.1323 the amount the corporation estimates to be the fair  
20 value of the dissenter's shares, plus accrued interest.

21 Sec. 10. Section 490.1326, subsection 2, Code 1991, is  
22 amended to read as follows:

23 2. If after returning deposited certificates and releasing  
24 transfer restrictions, the corporation takes the proposed  
25 action, it must send a new dissenters' notice under section  
26 490.1322 as if the corporate action was taken without a vote  
27 of the shareholders and repeat the payment demand procedure.

28 Sec. 11. Section 524.306, Code 1991, is amended to read as  
29 follows:

30 524.306 ISSUANCE OF CERTIFICATE OF INCORPORATION.

31 The receipt of the approved articles of incorporation of a  
32 state bank by the secretary of state constitutes filing with  
33 that office. The secretary of state shall record the articles  
34 of incorporation and forward a copy of them to the county  
35 recorder of the county in which the state bank is to have its

1 principal place of business. ~~The county recorder shall record~~  
2 ~~the articles, as provided by section 490.130.~~ The  
3 secretary of state upon the filing of the articles of  
4 incorporation shall issue a certificate of incorporation and  
5 send the certificate to the incorporators.

6 Sec. 12. Section 558.42, Code 1991, is amended to read as  
7 follows:

8 558.42 ACKNOWLEDGMENT AS CONDITION PRECEDENT.

9 It shall not be deemed lawfully recorded, unless it has  
10 been previously acknowledged or proved in the manner  
11 prescribed in this chapter or chapter 77A, except that  
12 ~~documents filed and recorded pursuant to section 490.130,~~  
13 affidavits, and certified copies of petitions in bankruptcy  
14 with or without the schedules appended, of decrees of  
15 adjudication in bankruptcy, and of orders approving trustees'  
16 bonds in bankruptcy, and Uniform Commercial Code financing  
17 statements and financing statement changes need not be thus  
18 acknowledged.

19 Sec. 13. Section 490.130, Code 1991, is repealed.

20 EXPLANATION

21 Section 1 provides that the secretary of state is to offer  
22 to county recorders electronic access to corporate records.

23 Sections 2 through 4 are corrective.

24 Section 5 provides that the requirement of obtaining  
25 written consents from all shareholders for the removal of a  
26 director is limited to obtaining the written consents only  
27 from those shareholders entitled to vote on the removal of the  
28 director.

29 Section 6 provides that a corporate officer's resignation  
30 is effective when orally communicated.

31 Section 7 provides that a dissenters' notice must be sent  
32 no later than 10 days after the proposed corporate action is  
33 authorized at a shareholders' meeting. If the corporate  
34 action is taken without a vote of the shareholders, the notice  
35 must be sent no later than 10 days after the action is taken.

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2 dissenter's shares must be at the time the proposed corporate  
3 action is taken resulting in the dissenters' notice, or at the  
4 time of the receipt of a payment demand, whichever is later.

5 Section 9 provides that a corporation which returns  
6 deposited certificates and releases transfer restrictions, and  
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8 notice, must send a new dissenters' notice as if the corporate  
9 action was taken without a vote of the shareholders.

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HOUSE FILE 556

AN ACT

RELATING TO CORPORATION LAW BY PROVIDING ELECTRONIC ACCESS TO CORPORATE RECORDS, RELATING TO THE REMOVAL OR RESIGNATION OF DIRECTORS, RELATING TO CERTAIN NOTICE REQUIREMENTS, AND BY MAKING CERTAIN NONSUBSTANTIVE CORRECTIONS.

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

Section 1. NEW SECTION. 9.7 ACCESS TO CORPORATION RECORDS.

The secretary of state shall offer to county recorders electronic access to corporation records. The secretary of state shall adopt rules providing for the electronic access and for the dissemination of the information by the county recorders.

Sec. 2. Section 331.602, subsection 27, Code 1991, is amended by striking the subsection.

Sec. 3. Section 490.140, subsection 16, Code 1991, is amended to read as follows:

16. "Person" means a person as defined in section 4.1 and ~~includes an individual and an entity.~~

Sec. 4. Section 490.720, subsection 4, Code 1991, is amended to read as follows:

4. If the corporation refuses to allow a shareholder, or a shareholder's agent or attorney, to inspect the shareholders' list before or at the meeting, or copy the list as permitted by subsection 3 2, the district court of the county where a corporation's principal office or, if none in this state, its registered office, is located, on application of the shareholder, may summarily order the inspection or copying at

the corporation's expense and may postpone the meeting for which the list was prepared until the inspection or copying is complete.

Sec. 5. Section 490.803, subsection 3, Code 1991, is amended to read as follows:

3. The articles of incorporation or bylaws may establish a variable range for the size of the board of directors by fixing a minimum and maximum number of directors. If a variable range is established, the number of directors may be fixed or changed from time to time, within the minimum and maximum, by the shareholders or the board of directors. After shares are issued, only the shareholders may change the range for the size of the board or change from a fixed-range fixed to a variable-range size board or vice versa.

Sec. 6. Section 490.802, subsection 4, Code 1991, is amended to read as follows:

4. A director may be removed by the shareholders only at a meeting called for the purpose of removing the director and after notice stating that the purpose, or one of the purposes, of the meeting is removal of the director. A director shall not be removed pursuant to written consents under section 490.704 unless written consents are obtained from the holders of all the outstanding shares of the corporation entitled to vote on the removal of the director.

Sec. 7. Section 490.843, subsection 1, Code 1991, is amended to read as follows:

1. An officer may resign at any time by delivering notice to the corporation. A resignation is effective when the notice is delivered unless the notice specifies a later effective date. If a resignation is made effective at a later date and the corporation accepts the future effective date, its board of directors may fill the pending vacancy before the effective date if the board of directors provides that the

successor does not take office until the effective date. A resignation may be orally communicated provided that the resignation is effective only if written notice of the resignation is delivered within twenty-four hours of such oral communication.

Sec. 8. Section 490.1322, subsection 2, Code 1991, is amended to read as follows:

2. The dissenters' notice must be sent no later than ten days after the proposed corporate action by the shareholders was taken is authorized at a shareholders' meeting, or, if the corporate action is taken without a vote of the shareholders, no later than ten days after the corporate action is taken, and must do all of the following:

a. State where the payment demand must be sent and where and when certificates for certificated shares must be deposited.

b. Inform holders of uncertificated shares to what extent transfer of the shares will be restricted after the payment demand is received.

c. Supply a form for demanding payment that includes the date of the first announcement to news media or to shareholders of the terms of the proposed corporate action and requires that the person asserting dissenters' rights certify whether or not the person acquired beneficial ownership of the shares before that date.

d. Set a date by which the corporation must receive the payment demand, which date shall not be fewer than thirty nor more than sixty days after the date the subsection-a dissenters' notice is delivered.

e. Be accompanied by a copy of this division.

Sec. 9. Section 490.1325, subsection 1, Code 1991, is amended to read as follows:

1. Except as provided in section 490.1327, ~~as soon as at the time~~ the proposed corporate action is taken, or upon receipt of a payment demand, ~~whichever occurs later,~~ the corporation shall pay each dissenter who complied with section 490.1322 the amount the corporation estimates to be the fair value of the dissenter's shares, plus accrued interest.

Sec. 10. Section 490.1326, subsection 2, Code 1991, is amended to read as follows:

2. If after returning deposited certificates and releasing transfer restrictions, the corporation takes the proposed action, it must send a new dissenters' notice under section 490.1322 ~~and if the corporate action was taken without a vote of the shareholders and repeat the payment demand procedure.~~

Sec. 11. Section 524.306, Code 1991, is amended to read as follows:

#### 524.306 ISSUANCE OF CERTIFICATE OF INCORPORATION.

The receipt of the approved articles of incorporation of a state bank by the secretary of state constitutes filing with that office. The secretary of state shall record the articles of incorporation and forward a copy of them to the county recorder of the county in which the state bank is to have its principal place of business. ~~The county recorder shall record the articles as provided by section 490.130.~~ The secretary of state upon the filing of the articles of incorporation shall issue a certificate of incorporation and send the certificate to the incorporators.

Sec. 12. Section 558.42, Code 1991, is amended to read as follows:

#### 558.42 ACKNOWLEDGMENT AS CONDITION PRECEDENT.

It shall not be deemed lawfully recorded, unless it has been previously acknowledged or proved in the manner prescribed in this chapter or chapter 77A, except that ~~documents filed and recorded pursuant to section 490.132~~



affidavits, and certified copies of petitions in bankruptcy with or without the schedules appended, of decrees of adjudication in bankruptcy, and of orders approving trustees' bonds in bankruptcy, and Uniform Commercial Code financing statements and financing statement changes need not be thus acknowledged.

Sec. 13. Section 490.130, Code 1991, is repealed.

---

ROBERT C. ARNOULD  
Speaker of the House

---

JOE J. WELSH  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 556, Seventy-fourth General Assembly.

---

JOSEPH O'HERN  
Chief Clerk of the House

Approved May 28, 1991

**HF 556**

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TERRY E. BRANSTAD  
Governor