

*Substituted by
SF 320
4-6-95
(P.1305)*

MAR 16 1995
Place On Calendar

HOUSE FILE 463
BY COMMITTEE ON COMMERCE AND
REGULATION

(SUCCESSOR TO HSB 208)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the regulation of state banks and other
2 financial institutions by the division of banking of the
3 department of commerce.

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

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FOR COMPLETE TEXT SEE SENATE FILE 320

HF 463

HOUSE FILE 463

H-3371

- 1 Amend House File 463 as follows:
- 2 1. Page 17, line 13, by striking the word
 - 3 "~~published~~" and inserting the following: "published".
 - 4 2. Page 17, line 16, by striking the word
 - 5 "~~published~~" and inserting the following: "published".
 - 6 3. Page 22, line 30, by striking the word
 - 7 "~~published~~" and inserting the following: "published".
 - 8 4. Page 22, line 32, by striking the word
 - 9 "~~published~~" and inserting the following: "published".
 - 10 5. Page 31, line 31, by inserting after the word
 - 11 "or" the following: "in".
 - 12 6. Page 85, line 29, by striking the word
 - 13 "~~published~~" and inserting the following: "published".
 - 14 7. Page 85, line 34, by striking the word
 - 15 "~~published~~" and inserting the following: "published".
 - 16 8. Page 99, line 2, by striking the word
 - 17 "~~published~~" and inserting the following: "published".
 - 18 9. Page 99, line 7, by striking the word
 - 19 "~~published~~" and inserting the following: "published".
 - 20 10. Page 107, line 15, by striking the word
 - 21 "~~published~~" and inserting the following: "published".
 - 22 11. Page 107, line 18, by striking the word
 - 23 "~~published~~" and inserting the following: "published".

By NUTT of Woodbury

H-3371 FILED MARCH 21, 1995

Adopted 4-6-95
(P. 1304)

NUTT - CHAIR
Lamberti
Churchill

McCoy
Holveck

HSB 208

COMMERCE - REGULATION

SENATE/HOUSE FILE 463

BY (PROPOSED DEPARTMENT OF
COMMERCE/BANKING DIVISION
BILL)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the regulation of state banks and other
2 financial institutions by the division of banking of the
3 department of commerce.

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

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1 Section 1.2 Section 524.103, Code 1995, is amended by
2 adding the following new subsections:

3 NEW SUBSECTION. 2A. "Aggregate capital" means the sum of
4 capital, surplus, undivided profits, and reserves as of the
5 most recent calculation date.

6 NEW SUBSECTION. 8A. "Borrower" means a person named as a
7 borrower or debtor in a loan or extension of credit, or any
8 other person, including a drawer, endorser, or guarantor,
9 deemed to be a borrower under section 524.904, subsection 3.

10 NEW SUBSECTION. 9A. "Calculation date" means the most
11 recent of the following:

12 a. The date the bank's statement of condition is required
13 to be filed pursuant to section 524.220, subsection 2.

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

16 c. As the superintendent may direct.

17 NEW SUBSECTION. 11A. "Chief executive officer" means the
18 person designated by the board of directors to be responsible
19 for the implementation of and adherence to board policies and
20 resolutions by all officers and employees of the bank.

21 NEW SUBSECTION. 11B. "Contractual commitment to advance
22 funds" means a bank's obligation to do either of the
23 following:

24 a. Advance funds under a standby letter of credit or other
25 similar arrangement.

26 b. Make payment, directly or indirectly, to a third person
27 contingent upon default by a customer of the bank in
28 performing an obligation and to make such payment in keeping
29 with the agreed upon terms of the customer's contract with a
30 third person, or to make payments upon some other stated
31 condition.

32 The term does not include commercial letters of credit and
33 similar instruments where the issuing bank expects the
34 beneficiary to draw on the issuer, that do not guarantee
35 payment, and that do not provide for payment in the event of a

1 default by a third person.

2 NEW SUBSECTION. 11C. "Control" means when a person,
3 directly or indirectly or acting through or together with one
4 or more persons, satisfies any of the following:

5 a. Owns, controls, or has the power to vote fifty percent
6 or more of any class of voting securities of another person.

7 b. Controls, in any manner, the election of a majority of
8 the directors, trustees, or other persons exercising similar
9 functions of another person.

10 c. Has the power to exercise a controlling influence over
11 the management or policies of another person.

12 NEW SUBSECTION. 13A. "Executive officer" means a person
13 who participates or has authority to participate, other than
14 in the capacity of a director, in major policymaking functions
15 of a state bank, whether or not the officer has an official
16 title, whether or not such a title designates the officer as
17 an assistant, or whether or not the officer is serving without
18 salary or other compensation. The chief executive officer,
19 chairperson of the board, the president, every vice president,
20 and the cashier of a state bank are deemed to be executive
21 officers, unless such an officer is excluded, by resolution of
22 the board of directors of a state bank or by the bylaws of the
23 state bank, from participation, other than in the capacity of
24 a director, in major policymaking functions of the state bank,
25 and the officer does not actually participate in the major
26 policymaking functions. All officers who serve on a board of
27 directors are deemed to be executive officers, except as
28 provided for in section 524.701, subsection 3.

29 NEW SUBSECTION. 17A. "Officer" means chief executive
30 officer, executive officer, or any other administrative
31 official of a bank elected by the bank's board of directors to
32 carry out any of the bank's operating rules and policies.

33 NEW SUBSECTION. 17B. "Operations subsidiary" means a
34 wholly owned corporation incorporated and controlled by a bank
35 that performs functions which the bank is authorized to

1 perform.

2 NEW SUBSECTION. 19A. "Reserves" means the amount of the
3 allowance for loan and lease losses of a state bank.

4 NEW SUBSECTION. 19B. "Sale of federal funds" means any
5 transaction between depository institutions involving the
6 transfer of immediately available funds resulting from credits
7 to deposit balances at federal reserve banks, or from credits
8 to new or existing deposit balances due from a correspondent
9 depository institution.

10 NEW SUBSECTION. 21A. "Standby letter of credit" means a
11 letter of credit, or similar arrangement, that represents an
12 obligation to the beneficiary on the part of the issuer to do
13 any of the following:

14 a. Repay money borrowed by or advanced to or for the
15 account of the account holder.

16 b. Make payment on account of any indebtedness undertaken
17 by the account holder.

18 c. Make payment on account of any default by the account
19 holder in the performance of an obligation.

20 Sec. 2. Section 524.103, subsections 7, 12, 15, 18, 22,
21 25, 26, and 27, Code 1995, are amended to read as follows:

22 7. "Bank" means a corporation engaged-in-the-business-of
23 banking, ~~authorized-by-law-to-receive-deposits-and-whose~~
24 ~~deposits-are-insured-by-the-bank-insurance-fund-of-the-federal~~
25 ~~deposit-insurance-corporation~~ organized under this chapter or
26 U.S.C. title 12.

27 12. "Customer" means any a person having with an account
28 or other contractual arrangement with a state bank. ~~For-the~~
29 ~~purpose-of-this-chapter, a-government-or-governmental-body-or~~
30 ~~entity-may-be-a-customer.~~

31 15. "Insolvent" means the inability of a state bank to pay
32 its debts and obligations as they become due in the ordinary
33 course of its business. A state bank is also considered to be
34 insolvent if the ratio of its capital, surplus, and undivided
35 profits to assets is at or close to zero or if its assets are

1 of such poor quality that its continued existence is
2 uncertain.

3 18. "Person" means ~~an-individual, a-corporation-(domestic~~
4 ~~or-foreign), a-partnership, an-association, a-trust or a~~
5 fiduciary as defined in section 4.1.

6 22. "State bank" means any bank incorporated pursuant to
7 the provisions of this chapter after January 1, 1970, and any
8 "state bank" or "savings bank" incorporated pursuant to the
9 laws of this state and doing business as such ~~upon~~ on January
10 1, 1970.

11 25. "Surplus" means the aggregate of the amount originally
12 paid in as required by section ~~524.402~~ 524.401, subsection ~~1~~
13 3, any amounts transferred to surplus pursuant to section
14 ~~524.402, subsection-2,~~ 524.405 and any amounts subsequently
15 designated as such by action of the board of directors of the
16 state bank.

17 26. "Trust company" means a business organization which is
18 authorized to engage in trust business pursuant to section
19 524.1005. A bank lawfully ~~granted~~ exercising trust powers
20 under the laws of this state or of the United States is not a
21 trust company by reason of having authority to engage in trust
22 business in addition to its general business.

23 27. "Undivided profits" means the accumulated
24 undistributed net profits of a state bank, including any
25 residue from the fund established pursuant to section ~~524.403~~
26 524.401, subsection 3, after:

27 a. Payment or provision for payment of taxes and expenses
28 of operations.

29 b. Transfers to reserves allocated to a particular asset
30 or class of assets.

31 c. Losses estimated or sustained on a particular asset or
32 class of assets in excess of the amount of reserves allocated
33 therefor.

34 d. Transfers to surplus and capital.

35 e. Amounts declared as dividends to shareholders.

1 Sec. 3. Section 524.103, subsection 19, Code 1995, is
2 amended by striking the subsection.

3 Sec. 4. Section 524.104, Code 1995, is amended to read as
4 follows:

5 524.104 RULES OF CONSTRUCTION.

6 In the interpretation and construction of this chapter:

7 1. Transactions or acts validly entered into or performed
8 before ~~January-17-1970~~ July 1, 1995, and the rights, duties
9 and interests flowing from them remain valid ~~thereafter~~ on and
10 after July 1, 1995, and may be completed or terminated
11 according to their terms and as permitted by any statute
12 repealed or amended by this chapter, as though such repeal or
13 amendment had not occurred.

14 2. All individuals who, ~~upon-January-17-1970~~ on July 1,
15 1995, hold any office under a provision of law repealed by
16 this chapter, and which offices are continued by this chapter
17 shall continue to hold such offices according to their former
18 tenure.

19 Sec. 5. Section 524.105, Code 1995, is amended to read as
20 follows:

21 524.105 EFFECT ON EXISTING BANKS.

22 1. The corporate existence of a state bank existing and
23 operating on ~~January-17-1970~~ July 1, 1995, ~~shall~~ is not be
24 affected by the enactment amendment of this chapter.

25 2. All state banks ~~shall-be~~ are subject to the provisions
26 and requirements of this chapter in every particular, and all
27 national banks, now or hereafter doing business in this state,
28 ~~shall-be~~ are subject to the provisions of this chapter, to the
29 extent applicable, from ~~January-17-1970~~ July 1, 1995.

30 Sec. 6. Section 524.107, subsection 1, Code 1995, is
31 amended to read as follows:

32 1. ~~No A person may-lawfully-engage-in-this-state-in-the~~
33 ~~business-of-receiving-money-for-deposit,transact-the-business~~
34 ~~of-banking,or-may-lawfully-establish-in-this-state-a-place-of~~
35 ~~business-for-such-purpose, except~~ other than a state bank

1 which is subject to the provisions of this chapter, ~~a private~~
2 ~~bank to the extent provided for and limited by sections~~
3 ~~524.1701 and 524.1702~~, and a national bank authorized by the
4 laws of the United States to engage in the business of
5 receiving money for deposit, shall not engage in this state in
6 the business of receiving money for deposit, transact the
7 business of banking, or establish in this state a place of
8 business for such purpose.

9 Sec. 7. Section 524.109, Code 1995, is amended to read as
10 follows:

11 524.109 BANKERS' BANK AUTHORIZED.

12 1. A state bank may be organized under this chapter as a
13 bankers' bank. The bankers' bank is subject to all rights,
14 privileges, duties, restrictions, penalties, liabilities,
15 conditions and limitations applicable to a state banks bank
16 generally, except as limited in the definition of bankers'
17 bank contained in section 524.103, subsection 8. However, a
18 bankers' bank shall have the same powers as those granted by
19 federal law and regulation to a national bank organized as a
20 bankers' bank under 12 U.S.C. § 27.

21 2. A state bank shall have the power to acquire and hold
22 the shares in one or more bankers' banks or bank holding
23 companies which own a bankers' bank in a total amount not to
24 exceed five percent of the state bank's aggregate capital. A
25 state bank shall not own, directly or indirectly, more than
26 five percent of any class of voting shares of a bankers' bank.

27 Sec. 8. Section 524.201, subsection 1, Code 1995, is
28 amended to read as follows:

29 1. The governor shall appoint, subject to confirmation by
30 the senate, a superintendent of banking. The appointee shall
31 be selected solely with regard to qualification and fitness to
32 discharge the duties of office, and ~~no~~ a person shall not be
33 appointed who has not had at least five years experience as an
34 executive officer in a bank or in the regulation or
35 examination of banks.

1 Sec. 9. Section 524.202, Code 1995, is amended to read as
2 follows:

3 524.202 SUPERINTENDENT -- SALARY.

4 The superintendent shall receive a salary to be fixed by
5 the ~~state-banking-board~~ governor. ~~The-superintendent-shall-be~~
6 ~~entitled-to-receive-reimbursement-for-expenses-incurred-in-the~~
7 ~~performance-of-the-superintendent's-duties, subject-to-the~~
8 ~~provisions-of-section-524.209.~~

9 Sec. 10. Section 524.204, Code 1995, is amended to read as
10 follows:

11 524.204 DEPUTY SUPERINTENDENT OF BANKING.

12 1. The superintendent shall appoint a deputy
13 superintendent of banking, who shall assist the superintendent
14 in the performance of the superintendent's office duties and
15 who shall perform the duties of the superintendent during the
16 absence or the inability of the superintendent, and as
17 directed by the superintendent.

18 2. The deputy superintendent shall be removable at the
19 pleasure of the superintendent. If the office of the
20 superintendent becomes vacant, the deputy superintendent shall
21 have all the powers and duties of the superintendent until a
22 new superintendent is appointed by the governor in accordance
23 with the provisions of this chapter.

24 3. The deputy superintendent shall receive a salary to be
25 ~~fixed by the state-banking-board~~ as provided in section
26 524.208. ~~The-deputy-superintendent-shall-be-entitled-to~~
27 ~~receive-reimbursement-for-expenses-incurred-in-the-performance~~
28 ~~of-the-deputy-superintendent's-duties, subject-to-the~~
29 ~~provisions-of-section-524.209.~~

30 Sec. 11. Section 524.211, subsections 1 and 2, Code 1995,
31 are amended by striking the subsections and inserting in lieu
32 thereof the following:

33 1. The superintendent, deputy superintendent, an assistant
34 to the superintendent, a bank examination analyst, general
35 counsel, or an examiner assigned to the bank bureau of the

1 banking division is prohibited from obtaining a loan of money
2 or property from a state-chartered bank or any person or
3 entity affiliated with a state-chartered bank.

4 2. The superintendent, deputy superintendent, finance
5 company bureau chief, and all examiners assigned to the
6 finance company bureau are prohibited from obtaining a loan of
7 money or property from a finance company licensed by the
8 banking division.

9 Sec. 12. Section 524.211, Code 1995, is amended by adding
10 the following new subsections:

11 NEW SUBSECTION. 2A. The superintendent, deputy
12 superintendent, an assistant to the superintendent, a bank
13 examination analyst, finance company bureau chief, general
14 counsel, or an examiner of the banking division who has credit
15 relations with a mortgage banking company or credit card
16 company licensed by the banking division is prohibited from
17 participating in decisions, oversight, and official review of
18 matters concerning the regulation of the mortgage banking
19 company or credit card company with which such person has
20 credit relations.

21 NEW SUBSECTION. 2B. An assistant to the superintendent, a
22 bank examination analyst, general counsel, or an examiner
23 assigned to the bank bureau of the banking division who has
24 credit relations with a finance company licensed by the
25 banking division is prohibited from participating in
26 decisions, oversight, and official review of matters
27 concerning the regulation of the finance company with which
28 such person has credit relations.

29 NEW SUBSECTION. 2C. An employee of the banking division,
30 other than the superintendent or a member of the state banking
31 board, shall not perform any services for, and shall not be a
32 shareholder, member, partner, owner, director, officer, or
33 employee of, any enterprise, person, or affiliate subject to
34 the regulatory purview of the banking division.

35 Sec. 13. Section 524.211, subsection 4, Code 1995, is

1 amended to read as follows:

2 4. The superintendent, deputy superintendent, or any
3 assistant or examiner who is convicted of ~~theft, burglary,~~
4 ~~robbery, larceny or embezzlement as a result of a violation of~~
5 ~~the laws of this state or of the United States~~ a felony while
6 holding such position shall be immediately discharged from
7 employment and shall be forever disqualified from holding any
8 position in the banking division.

9 Sec. 14. Section 524.212, Code 1995, is amended by
10 striking the section and inserting in lieu thereof the
11 following:

12 524.212 PROHIBITION AGAINST DISCLOSURE.

13 The superintendent, deputy superintendent, assistant to the
14 superintendent, examiner, or other employee of the banking
15 division shall not disclose, in any manner, to any person
16 other than the person examined and those regulatory agencies
17 referred to in section 524.217, subsection 2, any information
18 relating specifically to the supervision and regulation of any
19 state bank, persons subject to the provisions of chapter 533A,
20 533B, 536, or 536A, any affiliate of any state bank, or an
21 affiliate of a person subject to the provisions of chapter
22 533A, 533B, 536, or 536A, except when ordered to do so by a
23 court of competent jurisdiction and then only in those
24 instances referred to in section 524.215, subsections 1, 2, 3,
25 and 5.

26 Sec. 15. Section 524.215, Code 1995, is amended to read as
27 follows:

28 524.215 RECORDS OF DEPARTMENT DIVISION OF BANKING.

29 All records of the department division of banking shall be
30 public records subject to the provisions of chapter 22, except
31 that all papers, documents, reports, reports of examinations
32 and other writings relating specifically to the supervision
33 and regulation of any state bank or other person by the
34 superintendent pursuant to the laws of this state shall not be
35 public records and shall not be open for examination or

1 copying by the public or for examination or publication by the
2 news media.

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

13 1. In such actions or proceedings as are brought by the
14 superintendent.

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

17 3. In any action or proceeding which arises out of the
18 criminal provisions of the laws of this state or the United
19 States.

20 4. In any action brought as a shareholders derivative suit
21 against a state bank.

22 5. In any action brought to recover moneys ~~or to recover~~
23 upon an indemnity bond for the loss of which was a result of
24 embezzlement, misappropriation, or misuse of state bank funds
25 by a director, officer, or employee of the state bank.

26 Sec. 16. Section 524.217, Code 1995, is amended to read as
27 follows:

28 524.217 EXAMINATIONS.

29 1. The superintendent ~~shall have power to make~~ may do all
30 of the following:

31 a. Make or cause to be made an examination of every state
32 bank and trust company whenever in the superintendent's
33 judgment such examination is necessary or advisable, but in no
34 event less frequently than once during each two-year period.
35 During the course of each examination of a state bank or trust

1 company, inquiry shall be made as to its financial condition,
2 the security afforded to those to whom it is obligated, the
3 policies of its management, whether the requirements of law
4 have been complied with in the administration of its affairs,
5 and such other matters as the superintendent may prescribe.

6 ~~The superintendent shall also have power to make~~

7 b. Make or cause to be made such limited examinations at
8 such times and with such frequency as the superintendent may
9 ~~deem~~ deems necessary and advisable to determine the condition
10 of any state bank or trust company and whether any person has
11 violated any of the provisions of this chapter.

12 ~~2. c.~~ c. ~~The superintendent shall have power to make~~ Make or
13 cause to be made an examination of any corporation in which
14 the state bank or trust company owns shares ~~except~~
15 ~~corporations described in paragraphs "a" and "b" of subsection~~
16 ~~3 of section 524.901.~~ ~~The superintendent shall also have~~
17 ~~power~~ upon

18 d. Upon application to and order of the district court of
19 Polk county, ~~to~~ make or cause to be made an examination of any
20 person having business transactions or a relationship with any
21 state bank or trust company when such ~~an~~ examination is deemed
22 necessary and advisable in order to determine whether the
23 capital of the state bank or trust company is impaired or
24 whether the safety of its deposits has been imperiled. The
25 fee for any such examination shall be paid by the state bank
26 or trust company.

27 ~~3. e.~~ e. To the extent necessary for the purpose of any
28 examination provided for by this section and section 524.1105,
29 ~~the superintendent shall have the power to~~ examine all
30 relevant books, records, accounts, and documents and ~~to~~ compel
31 the production of the same in the manner prescribed by section
32 524.214.

33 ~~4. 2.~~ 2. The superintendent may furnish to the federal
34 deposit insurance corporation, the federal reserve system, the
35 office of the comptroller of the currency, the office of

1 thrift supervision, national credit union administration, the
2 federal home loan bank, and financial institution regulatory
3 authorities of other states, or to any official or supervising
4 examiner thereof of such regulatory authorities, a copy of the
5 report of any or all examinations made of any state bank and
6 of any affiliate of a state bank.

7 5- 3. A copy of the report of each examination of a state
8 bank or trust company shall be transmitted by the
9 superintendent to the board of directors of the state bank or
10 trust company except to the extent that the report of any such
11 examination may be confidential to the superintendent, and
12 each member of the board of directors shall furnish to the
13 superintendent, on forms to be supplied by the superintendent,
14 a statement that the member has read the report of
15 examination.

16 6- 4. All reports of examinations, including any copies
17 thereof of such reports, in the possession of any person other
18 than the superintendent or employee of the banking division,
19 including any state bank or any agency to which any report of
20 such examination may be furnished under subsection 4-of-this
21 section 2, shall be confidential communications, shall not be
22 subject to subpoena from such persons, and shall not be
23 published or made public by such persons.

24 7- 5. The report of examination of any affiliate or of any
25 person examined as provided for in subsection 2 1, paragraph
26 "c" or "d", shall not be transmitted by the superintendent to
27 any such affiliate or person or to any state bank or trust
28 company or to the board of directors of any state bank or
29 trust company unless authorized or requested by such affiliate
30 or person.

31 Sec. 17. Section 524.219, Code 1995, is amended to read as
32 follows:

33 524.219 FEES FOR-EXAMINATIONS.

34 A state bank subject to examination, supervision, and
35 regulation by the superintendent, shall pay to the

1 superintendent ~~a-fee fees~~, established by the state banking
2 board, based on the ~~time-required-for-the-examination-and-the~~
3 ~~administrative~~ costs and expenses incurred in the discharge of
4 the duties imposed upon the superintendent by this chapter.
5 The ~~fee fees~~ shall include, but ~~are not be~~ limited to costs
6 and expenses for salaries, expenses and travel for employees,
7 office facilities, supplies, and equipment. ~~Such-fee-shall~~
8 ~~apply-equally-to-all-state-banks-~~

9 The ~~fee fees~~ for examination of any affiliate of a state
10 bank as provided for in section 524.1105, and the examinations
11 provided for in section 524.217, subsection ~~2~~ 1, paragraphs
12 "c" and "d", shall be established by the state banking board,
13 based on the time required for the examination and the
14 administrative costs and expenses incurred in the discharge of
15 the duties imposed upon the superintendent by this chapter.
16 The ~~fee fees~~ shall include, but not be limited to costs and
17 expenses for salaries, expenses and travel for employees,
18 office facilities, supplies, and equipment.

19 Upon completion of each examination required or allowed by
20 this chapter, the examiner in charge of ~~such~~ the examination
21 shall render a bill for ~~such-fee~~ the fees, in duplicate, and
22 shall deliver one copy ~~thereof~~ of the bill to the state bank
23 ~~or-private-bank~~ and one copy to the superintendent.

24 PARAGRAPH DIVIDED. Failure to pay the amount of ~~such-fee~~
25 the fees to the superintendent within ten days after the date
26 ~~of the-close-of-each-such-examination~~ billing shall subject
27 the state bank ~~or-private-bank~~ to an additional fee charge
28 equal to five percent of the amount of ~~such-fee~~ the fees for
29 each day the payment is delinquent.

30 Sec. 18. Section 524.220, subsections 2 and 3, Code 1995,
31 are amended to read as follows:

32 2. The statement shall be transmitted to the
33 superintendent within thirty days after the ~~receipt-of-a~~
34 ~~request-for-the-statement-from-the-superintendent~~ end of each
35 calendar quarter. ~~A-statement-shall-be-called-for-by-the~~

1 ~~superintendent-at-least-three-times-each-year.~~

2 3. ~~Within forty days after the date of the receipt of the~~
3 ~~request for a statement of condition, the~~ The state bank shall
4 cause the statement of condition filed for a calendar quarter
5 which ends on June 30 to be published no later than the
6 following August 15 and the statement of condition filed for a
7 calendar quarter which ends on December 31 to be published
8 once no later than February 15 of the following year in a
9 newspaper of general circulation in the municipal corporation
10 or unincorporated area in which the state bank has its
11 principal place of business, or if there is none, in a
12 newspaper of general circulation published in the county, or
13 in a county adjoining the county, in which the state bank has
14 its principal place of business. Proof of such publication by
15 affidavit of the publisher of the newspaper in which it was
16 made, shall be delivered to the superintendent and ~~shall be~~ is
17 conclusive evidence of the fact.

18 Sec. 19. Section 524.224, subsection 9, Code 1995, is
19 amended to read as follows:

20 9. The state bank has failed to renew its corporate
21 existence in the manner provided for in section ~~524.106~~
22 524.314 within one hundred eighty days prior to the expiration
23 thereof.

24 Sec. 20. Section 524.301, Code 1995, is amended to read as
25 follows:

26 524.301 INCORPORATORS.

27 A state bank may be incorporated under this chapter by ~~not~~
28 ~~less than five~~ one or more individuals eighteen years of age
29 or older, a majority of whom shall be ~~citizens~~ residents of
30 this state and ~~all of whom shall be~~ citizens of the United
31 States.

32 Sec. 21. Section 524.302, Code 1995, is amended to read as
33 follows:

34 524.302 ARTICLES OF INCORPORATION.

35 1. The articles of incorporation of a state bank, in the

1 form prescribed by the superintendent, shall set forth the
2 following:

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

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

9 ~~3-~~ c. The duration of the state bank which shall be
10 perpetual.

11 ~~4-~~ d. The aggregate number of common and preferred shares
12 which the state bank shall have authority to issue, and the
13 par value of such shares, ~~-if.~~ If such shares are to be
14 divided into classes or series, the number of shares of each
15 class or series and a statement of the par value of the shares
16 of each class or series.

17 ~~5--If-there-is-to-be-a-preferred-class,-a-statement-of-the~~
18 ~~preferences,-voting-rights,-if-any,-limitations-and-relative~~
19 ~~rights-in-respect-of-the-shares-of-such-class-~~

20 ~~6--Any-provision,-permissible-under-section-524-506,~~
21 ~~limiting-or-denying-the-shareholders-the-pre-emptive-right-to~~
22 ~~acquire-additional-shares-of-the-state-bank-~~

23 ~~7--Any-provision,-not-inconsistent-with-law,-which-the~~
24 ~~incorporators-elect-to-set-forth-in-the-articles-of~~
25 ~~incorporation-for-the-regulation-of-the-internal-affairs-of~~
26 ~~the-corporation,-including-any-provision-restricting-the~~
27 ~~transfer-of-shares-and-any-provision-which-under-this-chapter~~
28 ~~is-required-or-permitted-to-be-set-forth-in-the-bylaws-~~

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

34 ~~9-~~ f. The name and address of each incorporator.

35 g. The specific month in which the annual meeting of

1 shareholders is to be held.

2 2. The articles of incorporation may set forth any or all
3 of the following:

4 a. Provisions not inconsistent with law regarding:

5 (1) Managing the business and regulating the affairs of
6 the corporation.

7 (2) Defining, limiting, and regulating the affairs of the
8 corporation.

9 b. Any provision required or permitted by this chapter to
10 be set forth in the bylaws.

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

26 ~~11. The specific month in which the annual meeting of~~
27 ~~shareholders shall be held.~~

28 ~~12. Any provision not inconsistent with law or the~~
29 ~~purposes for which the state bank is organized, which the~~
30 ~~incorporators elect to set forth, or any provision limiting~~
31 ~~any of the powers enumerated in this chapter.~~

32 3. It shall not be necessary to set forth in the The
33 articles of incorporation need not set forth any of the
34 corporate powers enumerated in this chapter. The articles of
35 incorporation shall be signed by all of the incorporators and

1 acknowledged before an officer authorized to take
2 acknowledgments of deeds.

3 Sec. 22. Section 524.303, unnumbered paragraph 2, Code
4 1995, is amended by striking the unnumbered paragraph.

5 Sec. 23. Section 524.304, Code 1995, is amended to read as
6 follows:

7 524.304 PUBLICATION OF NOTICE.

8 1. The incorporators of a state bank shall, within thirty
9 days of the acceptance of the application for processing,
10 ~~publish notice of their intention to deliver, or the delivery~~
11 ~~of the articles of~~ the proposed incorporation to the
12 superintendent, once each week for two successive weeks in a
13 newspaper of general circulation published in the municipal
14 corporation which is proposed as the principal place of
15 business of the state bank, or if there is none, a newspaper
16 of general circulation published in the county, or in a county
17 adjoining the county, in which the proposed state bank is to
18 have its principal place of business. ~~The first publication~~
19 ~~of the notice shall appear prior to, or within ten days after,~~
20 ~~the date of delivery of the articles of incorporation to the~~
21 ~~superintendent and~~ shall set forth all of the following:

22 1. a. The name of the proposed state bank.

23 2. b. A statement that it is to be incorporated under this
24 chapter.

25 3. c. The purpose or purposes of the state bank.

26 4. d. The names and addresses of the incorporators and of
27 the members of the initial board of directors as they appear,
28 or will appear, in the articles of incorporation.

29 5. e. ~~The date of the delivery of the articles of~~
30 ~~incorporation to the superintendent~~ the application was
31 accepted for processing.

32 6. f. If the incorporation of the state bank has been
33 approved by the superintendent under section 524.305,
34 subsection 6, the name and address of the bank with which the
35 state bank will have merged ~~or consolidated,~~ or the assets of

1 which the state bank will have acquired or the condition of
2 which in some other way provided a purpose for the
3 incorporation.

4 2. Proof of publication of the notice by affidavit of the
5 publisher of the newspaper in which the notice appears shall
6 be filed with the superintendent and is conclusive evidence of
7 the publication.

8 Sec. 24. Section 524.305, Code 1995, is amended to read as
9 follows:

10 524.305 APPROVAL BY SUPERINTENDENT.

11 1. Upon receipt of an application for approval of a state
12 bank, the superintendent shall conduct such an investigation
13 as the superintendent deems necessary to ascertain whether:

14 a. The articles of incorporation and supporting items
15 satisfy the requirements of this chapter.

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

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

22 d. The character and fitness of the incorporators and of
23 the members of the initial board of directors are such as to
24 command the confidence of the community and to warrant the
25 belief that the business of the proposed state bank will be
26 honestly and efficiently conducted.

27 e. The capital structure of the proposed state bank is
28 adequate in relation to the amount of the anticipated business
29 of the state bank and the safety of prospective depositors.

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

35 2. Within one hundred eighty days after receipt of the

1 application ~~for approval together with the items referred to~~
2 ~~in section 524.303, subsections 1 and 2~~ is accepted for
3 processing, the superintendent shall ~~make a determination~~
4 ~~whether to~~ approve or disapprove the pending application on
5 the basis of the investigation.

6 3. Within ~~ninety~~ thirty days after the date of the second
7 publication of the notice ~~referred to in~~ required under
8 section 524.304, any interested person ~~opposing the pending~~
9 ~~application shall file written objections with the~~
10 superintendent may submit written comments and information to
11 the superintendent concerning the application. ~~Following the~~
12 ~~expiration of the ninety-day period and prior to making a~~
13 ~~determination on the pending application, the superintendent~~
14 ~~shall give adequate notice of the pending application, and may~~
15 ~~afford all interested persons, including the incorporators, an~~
16 ~~opportunity for a stenographically reported hearing during~~
17 ~~which such persons shall be allowed to present evidence in~~
18 ~~support of, or in opposition to, the pending application.~~
19 Comments challenging the legality of an application must be
20 submitted separately in writing. The superintendent may
21 extend the thirty-day comment period, if, in the judgment of
22 the superintendent, extenuating circumstances which justify
23 the extension exist.

24 ~~The superintendent shall conduct such hearing if any~~
25 ~~interested person files an objection to the pending~~
26 ~~application and requests a hearing.~~

27 3A. Within thirty days after the date of the second
28 publication of the notice required by section 524.304, any
29 interested person may submit a written request of the
30 superintendent for a hearing on the application. The request
31 shall state the nature of the issues or facts to be presented
32 and the reasons why written submissions would be insufficient
33 to make an adequate presentation to the superintendent. If
34 the reasons are related to factual disputes, the disputes
35 shall be described. A written request for a hearing shall be

1 evaluated by the superintendent, who may grant or deny the
2 request in whole or in part. A hearing request shall
3 generally be granted only if it is determined that written
4 submissions would be inadequate or that a hearing would
5 otherwise be beneficial to the decision-making process. A
6 hearing may be limited to issues considered material by the
7 superintendent.

8 3B. If a request for a hearing is denied, the
9 superintendent shall notify the applicant and all interested
10 persons and shall state the reasons for the denial. An
11 interested person may submit additional written comments or
12 information on the application to the superintendent, with
13 copies to the applicant at the time of submission to the
14 superintendent, within fourteen days after the date of the
15 notice of denial. The applicant shall be provided an
16 additional seven days, after the fourteen-day deadline has
17 expired, within which to respond to any comments submitted
18 within the fourteen-day period after the notice of denial.
19 The superintendent may waive this seven-day period if
20 requested by the applicant. A copy of any response submitted
21 by the applicant shall also be mailed by the applicant to the
22 interested persons at the time the response is submitted to
23 the superintendent.

24 4. If the superintendent approves the pending application,
25 the superintendent shall ~~deliver-the-articles-of~~
26 ~~incorporation, with the superintendent's approval indicated~~
27 ~~thereon, to the secretary of state and~~ notify the
28 incorporators, and such other persons who requested in writing
29 that they be notified, of such the approval. If the
30 superintendent disapproves the pending application, the
31 superintendent shall notify the incorporators of the action
32 and the reason for the decision.

33 5. The actions of the superintendent shall be subject to
34 judicial review in accordance with ~~the terms of the Iowa~~
35 ~~administrative procedure Act~~ chapter 17A. The court may award

1 damages to the incorporators if it finds that review is sought
2 frivolously and or in bad faith.

3 ~~6. Subsection-3-of-this-section~~ Subsections 3, 3A, and 3B
4 shall not apply if the superintendent finds that one of the
5 purposes of the proposed state bank is the merger ~~or~~
6 ~~consolidation~~ with, or the purchase of some or all of the
7 assets of and assumption of some or all of the liabilities of,
8 a bank for which a receiver has been appointed or which has
9 been ordered, by authorities of this state or the United
10 States, to cease to carry on its business, or if the
11 superintendent finds for any other reason that immediate
12 action on the pending application is advisable in order to
13 protect the interests of depositors or the assets of any other
14 bank.

15 7. Before As a condition of receiving the decision of the
16 superintendent with respect to the pending application the
17 incorporators shall, ~~upon notice,~~ reimburse the superintendent
18 ~~to the extent of the~~ for all expenses incurred by the
19 superintendent in connection with the application.

20 Sec. 25. Section 524.306, Code 1995, is amended by
21 striking the section and inserting in lieu thereof the
22 following:

23 524.306 INCORPORATION OF STATE BANK.

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

32 2. The secretary of state's filing of the articles of
33 incorporation is conclusive proof that the incorporators
34 satisfied all conditions precedent to incorporation, except in
35 a proceeding instituted by the superintendent to cancel or

1 revoke the incorporation or involuntarily dissolve the
2 corporation.

3 Sec. 26. Section 524.307, Code 1995, is amended by
4 striking the section and inserting in lieu thereof the
5 following:

6 524.307 ORGANIZATION OF STATE BANK.

7 Upon incorporation of the state bank, the initial board of
8 directors shall hold an organizational meeting within this
9 state, at the call of a majority of the directors, to complete
10 the organization of the state bank by electing officers,
11 adopting bylaws, if any are to be adopted, and conducting any
12 other business properly brought before the board at the
13 meeting.

14 Sec. 27. Section 524.308, subsection 1, Code 1995, is
15 amended by striking the subsection.

16 Sec. 28. Section 524.308, subsection 3, Code 1995, is
17 amended to read as follows:

18 3. If a state bank transacts any business before receipt
19 of an authorization to do business in violation of subsection
20 2, the directors and officers who willfully authorized or
21 participated in ~~such the~~ the action ~~shall be~~ are severally liable
22 for the debts and liabilities of the state bank incurred prior
23 to the receipt of the authorization to do business.

24 Sec. 29. Section 524.309, Code 1995, is amended to read as
25 follows:

26 524.309 PUBLICATION OF AUTHORIZATION TO DO BUSINESS.

27 1. A state bank shall cause to be published once within
28 two weeks after the issuance by the superintendent of the
29 authorization to do business, in a newspaper of general
30 circulation ~~published~~ in the municipal corporation which is
31 the principal place of business of the state bank, or if there
32 is none, a newspaper of general circulation ~~published~~ in the
33 county, or in a county adjoining the county, in which the
34 state bank has its principal place of business, a notice which
35 shall state all of the following:

1 ~~1-~~ a. The name of the state bank, the address of its
2 principal place of business, and the date of the issuance of
3 the authorization to do business.

4 ~~2-~~ b. The names and addresses of the members of the
5 initial board of directors as designated in the articles of
6 incorporation.

7 ~~3-~~ c. That the shareholders shall not be personally liable
8 for the debts and obligations of the state bank.

9 2. Proof of ~~such~~ publication, by affidavit of the
10 publisher of the newspaper in which it was made, shall be
11 ~~filed with the secretary of state and~~ with the superintendent,
12 and ~~shall be~~ is conclusive evidence of the fact.

13 Sec. 30. Section 524.310, subsections 1 and 2, Code 1995,
14 are amended to read as follows:

15 1. The name of a state bank originally incorporated after
16 the effective date of this chapter shall include the word
17 "bank" and may include the word "state" or "trust" in its
18 name. ~~If a~~ A state bank ~~uses~~ using the word "trust" in its
19 name, ~~it~~ must be authorized under this chapter to act in a
20 fiduciary capacity.

21 2. The provisions of this section shall not require any
22 state bank, existing and operating on January 1, 1970, to add
23 to, modify or otherwise change its corporate name, either on
24 January 1, 1970, or upon renewal of its corporate existence
25 pursuant to section ~~524.106~~ 524.314.

26 Sec. 31. Section 524.312, subsections 1 and 2, Code 1995,
27 are amended to read as follows:

28 1. A state bank originally incorporated pursuant to this
29 chapter shall have its principal place of business within the
30 ~~confines~~ city limits of a municipal corporation. The
31 existence of a state bank shall not, however, be affected by
32 the subsequent discontinuance of the municipal corporation. A
33 state bank existing and operating on January 1, 1970, which
34 does not have its principal place of business within the
35 ~~confines~~ city limits of a municipal corporation, may renew its

1 corporate existence pursuant to section ~~524.106~~ 524.314
2 without regard to this section and may also operate as a bank
3 or convert to and operate as a bank office when acquired by or
4 merged into another state bank and approved by the
5 superintendent.

6 2. A state bank may, with the prior written approval of
7 the superintendent, change the location of its principal place
8 of business to a new location. A change of location shall be
9 limited to another location in the same municipal corporation,
10 to a location in a municipal corporation in the same county,
11 or to a location in a municipal corporation in counties
12 ~~surrounding and a county that is~~ contiguous to or touching or
13 cornering on the county in which the state bank is located.
14 If a state bank has its principal place of business in an
15 unincorporated area, the superintendent may authorize a change
16 of location of its principal place of business to a new
17 location within the same unincorporated area as well as to any
18 location referred to in ~~the preceding sentence~~ this
19 subsection.

20 Sec. 32. Section 524.312, Code 1995, is amended by adding
21 the following new subsections:

22 NEW SUBSECTION. 2A. If a change in the location of the
23 principal place of business of a state bank is proposed,
24 application for approval of the superintendent shall be made
25 as required by the superintendent pursuant to this section. A
26 change in location of the principal place of business of a
27 state bank, including a change from one municipal corporation
28 to another municipal corporation within an urban complex,
29 requires an amendment to the articles of incorporation
30 pursuant to sections 524.1502, 524.1504, and 524.1506. A
31 state bank seeking approval of a change of location pursuant
32 to this subsection shall publish once each week for two
33 consecutive weeks a notice of the proposed change of location
34 in a newspaper of general circulation in the municipal
35 corporation or unincorporated area in which the state bank has

1 its principal place of business, or if there is none, in a
2 newspaper of general circulation in the county, or in a county
3 adjoining the county, in which the state bank has its
4 principal place of business, and in the municipal corporation
5 in which it seeks to establish its principal place of
6 business, or if there is none, in a newspaper of general
7 circulation in the county, or in a county adjoining the
8 county, in which the municipal corporation is located. The
9 notices shall be published within thirty days after the
10 application to the superintendent for approval of the change
11 in location is accepted for processing. The notice shall set
12 forth the name of the state bank, the present location of its
13 principal place of business, the location to which it proposes
14 to move its principal place of business, and the date upon
15 which the application was accepted for processing by the
16 superintendent.

17 NEW SUBSECTION. 2B. Within thirty days after acceptance
18 of an application for approval of a change of location of the
19 principal place of business of a state bank pursuant to
20 subsection 2A, the superintendent shall commence an
21 investigation into the circumstances of the application as
22 deemed necessary by the superintendent, giving due
23 consideration to factors substantially similar to those set
24 forth in section 524.305, subsection 1, paragraphs "c" through
25 "f". Within one hundred eighty days after the application has
26 been accepted for processing, the superintendent shall approve
27 or disapprove the application on the basis of the
28 investigation. The superintendent shall give written notice
29 of the decision to the state bank, and in the event of
30 disapproval a statement of the reasons for the disapproval.
31 If the superintendent approves the change in location the
32 superintendent shall deliver the articles of amendment to the
33 secretary of state. As a condition of receiving the decision
34 of the superintendent with respect to the application, the
35 state bank shall reimburse the superintendent for all expenses

1 incurred by the superintendent in connection with the
2 application.

3 Sec. 33. Section 524.313, Code 1995, is amended to read as
4 follows:

5 524.313 BYLAWS.

6 ~~The initial bylaws, if any, of a~~ A state bank shall be
7 ~~adopted by its board of directors~~ may adopt bylaws. The power
8 to ~~alter,~~ adopt, amend, or repeal bylaws or adopt new bylaws
9 ~~shall be~~ is vested in the board of directors unless reserved
10 to the shareholders by the articles of incorporation. The
11 bylaws may contain any provisions for the regulation and
12 management of the affairs of the state bank not inconsistent
13 with law or the articles of incorporation.

14 Sec. 34. NEW SECTION. 524.314 RENEWAL OF CORPORATE
15 EXISTENCE OF EXISTING STATE BANK.

16 1. The corporate existence of a state bank existing and
17 operating on January 1, 1970, which expires subsequent to that
18 date, may be renewed prior to the expiration date of the
19 corporate existence, following the affirmative vote of the
20 holders of at least a majority of the shares entitled to vote
21 on the renewal, at a meeting held for that purpose and called
22 as provided by section 524.509, and delivery to the
23 superintendent of the articles of incorporation together with
24 the applicable filing and recording fees for the filing and
25 recording. If the superintendent finds that the articles of
26 incorporation satisfy the requirements of this section, the
27 superintendent shall deliver them to the secretary of state
28 for filing and recording in the secretary of state's office.
29 Following the receipt of the articles of incorporation, the
30 secretary of state shall proceed as provided in section
31 524.306.

32 2. Sections 524.303, 524.304, 524.305, 524.307, 524.308,
33 and 524.309 are not applicable to a state bank existing and
34 operating on January 1, 1970, which renews its corporate
35 existence as provided in subsection 1.

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

7 Sec. 35. Section 524.401, Code 1995, is amended to read as
8 follows:

9 524.401 MINIMUM CAPITAL.

10 1. The minimum capital of a state bank existing and
11 operating on ~~January~~ July 1, 1970 1995, shall be as follows:

12 a. The amount required by subsection 2 ~~of this section~~
13 or.

14 b. ~~Such lesser~~ An amount as less than that provided for
15 under paragraph "a" which the state bank had on ~~January~~ July
16 1, 1970 1995, but not less than the minimum amount required by
17 law prior to ~~such~~ that date.

18 2. The minimum capital of a state bank originally
19 incorporated pursuant to the provisions of this chapter shall
20 not be less than ~~one-hundred-thousand-dollars~~ the amount
21 required by the federal deposit insurance corporation, or its
22 successor, or such higher a greater amount which the
23 superintendent may deem necessary in view of the deposit
24 potential of the state bank and current banking standards
25 relating to total capital requirements.

26 3. A state bank originally incorporated pursuant to this
27 chapter shall establish, prior to receiving authorization to
28 do business from the superintendent, paid in surplus and
29 undivided profits as required by the superintendent.

30 Sec. 36. Section 524.404, subsections 1 and 3, Code 1995,
31 are amended to read as follows:

32 1. A state bank ~~may~~, with the prior approval of the
33 superintendent and the affirmative vote of the holders of ~~at~~
34 ~~least-three-fourths~~ a majority of the shares entitled to vote
35 ~~thereon~~, may issue capital notes or debentures. The amounts,

1 maturities, rate of interest, relative rights with other
2 creditors, and other terms and conditions shall be set forth
3 on the face of the capital notes or debentures or in an
4 attendant agreement, and all such terms and conditions shall
5 be are subject to the prior approval of the superintendent
6 provided that all such capital notes and debentures shall be
7 subordinated to the rights of other persons to the extent
8 provided for in section 524.1312. The aggregate amount of all
9 capital notes and debentures issued and outstanding pursuant
10 to this section shall not exceed, at any one time, twenty-five
11 percent of the aggregate capital and-surplus of the state
12 bank.

13 3. No A state bank may shall not issue capital notes or
14 debentures within five years after it is originally authorized
15 to do business.

16 Sec. 37. Section 524.405, Code 1995, is amended to read as
17 follows:

18 524.405 INCREASE OR DECREASE OF CAPITAL STRUCTURE.

19 1. A state bank may, with the approval of the
20 superintendent, may increase its capital structure or effect
21 an allocation of amounts within its capital structure, by the
22 use of any of the following methods:

- 23 a. Sale of authorized but unissued shares.
- 24 b. Transfer of surplus or undivided profits to capital for
25 authorized but unissued shares.
- 26 c. Transfer of undivided profits to surplus.
- 27 d. Authorization and issuance of common shares, preferred
28 shares, or capital notes or debentures as-provided-in-section
29 524-404.

30 2. Whenever The superintendent, whenever it shall-appear
31 appears necessary to do so in the interest of the safety of
32 the deposits of a state bank, the-superintendent may require
33 that the capital structure of the state bank be increased by
34 either of the methods provided for in subsection 1, paragraphs
35 "a" and "d" of-subsection-1.

1 3. ~~Neither-capital-nor~~ Capital or surplus shall not be
2 decreased except with the approval of the superintendent.

3 Sec. 38. Section 524.501, Code 1995, is amended by
4 striking the section and inserting in lieu thereof the
5 following:

6 524.501 AUTHORIZED SHARES.

7 1. The articles of incorporation must prescribe the
8 classes of shares and the number of shares of each class that
9 the state bank is authorized to issue. If more than one class
10 of shares is authorized, the articles of incorporation must
11 prescribe a distinguishing designation for each class. Prior
12 to the issuance of shares of a class, the preferences,
13 limitations, and relative rights of that class must be
14 described in the articles of incorporation. All shares of a
15 class must have preferences, limitations, and relative rights
16 identical with those of other shares of the same class except
17 to the extent otherwise permitted by section 524.502.

18 2. The articles of incorporation must authorize both of
19 the following:

20 a. One or more classes of shares that together have
21 unlimited voting rights.

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

26 3. The articles of incorporation may authorize one or more
27 classes of shares that have any of the following qualities:

28 a. Have special, conditional, or limited voting rights, or
29 no right to vote, unless prohibited by this chapter.

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

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

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

35 (3) In a designated amount or in an amount determined in

1 accordance with a designated formula or by reference to
2 extrinsic data or events.

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

13 d. (1) If preferred shares are redeemed by a state bank,
14 the redemption effects a cancellation of the shares, and a
15 statement of cancellation shall be filed as provided in this
16 paragraph. The filing of the statement of cancellation
17 constitutes an amendment to the articles of incorporation and
18 reduces the number of preferred shares of the class which the
19 state bank is authorized to issue by the number which are
20 canceled.

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

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

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

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

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

35 (e) The number of shares which the state bank has

1 authority to issue, itemized by classes, after giving effect
2 to the cancellation.

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

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

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

19 4. The description of the designations, preferences,
20 limitations, and relative rights of share classes in
21 subsection 3 is not all-inclusive.

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

28 Sec. 39. NEW SECTION. 524.501A TERMS OF CLASS OR SERIES
29 DETERMINED BY BOARD OF DIRECTORS.

30 1. If the articles of incorporation provide for such, the
31 board of directors may determine, in whole or part, the
32 preferences, limitations, and relative rights, within the
33 limits set forth in section 524.501, of either of the
34 following:

35 a. A class of shares before the issuance of any shares of

1 that class.

2 b. One or more series within a class before the issuance
3 of any shares of that series.

4 2. Each series of a class must be given a distinguishing
5 designation.

6 3. All shares of a series must have preferences,
7 limitations, and relative rights identical with those of other
8 shares of the same series and, except to the extent otherwise
9 provided in the description of the series, with those of other
10 series of the same class.

11 4. Before issuing any shares of a class or series created
12 under this section, the state bank shall deliver to the
13 superintendent for filing with the secretary of state articles
14 of amendment on forms prescribed by the superintendent, which
15 are effective without shareholder action, that set forth all
16 of the following:

17 a. The name of the state bank and the effective date of
18 its articles of incorporation.

19 b. The text of the amendment determining the terms of the
20 class or series of shares.

21 c. The date it was adopted.

22 d. A statement that the amendment was duly adopted by the
23 board of directors.

24 Sec. 40. Section 524.502, Code 1995, is amended to read as
25 follows:

26 524.502 CERTIFICATES REPRESENTING SHARES.

27 1. The shares of a state bank shall be represented by
28 certificates signed by such officers, employees, or agents as
29 are authorized by the articles of incorporation or bylaws to
30 sign. If no contrary provisions are made in the articles of
31 incorporation or bylaws, such the certificates shall be signed
32 by the president or a vice president and the cashier or an
33 assistant cashier of the state bank, ~~and may be sealed with~~
34 ~~the seal of the state bank or a facsimile thereof.~~ The
35 ~~signatures of the president or vice president and the cashier~~

1 or-an-assistant-cashier-or-other-persons-signing-for-the-state
2 bank-upon-a-certificate-may-be-facsimiles-if-the-certificate
3 is-countersigned-by-a-transfer-agent,or-registered-by-a
4 registrar,other-than-the-state-bank-itself-or-an-employee-of
5 the-state-bank;--In-case-any-officer-or-other-authorized
6 person-who-has-signed-or-whose-facsimile-signature-has-been
7 placed-upon-such-certificate-for-the-state-bank-shall-have
8 ceased-to-be-such-officer-or-employee-or-agent-before-such
9 certificate-is-issued,--it-may-be-issued-by-the-state-bank-with
10 the-same-effect-as-if-the-person-were-such-officer-or-employee
11 or-agent-at-the-date-of-its-issue;--If-a-state-bank-is
12 authorized-to-issue-preferred-shares,--every-certificate-issued
13 by-the-state-bank-shall-set-forth-upon-the-face-or-back-of-the
14 certificate,or-shall-state-that-the-state-bank-will-furnish
15 to-any-shareholder-upon-request-and-without-charge,a-full
16 statement-of-the-designations,preferences,limitations,and
17 relative-rights-of-such-preferred-shares.

18 Each-certificate-representing-shares-shall-state-upon-the
19 face-thereof:

20 2. Each share certificate must state on its face, at a
21 minimum, all of the following:

22 1- a. That the The name of the issuing state bank and that
23 it is organized under the laws of this state.

24 2- b. The name of the person to whom issued.

25 3- c. The number and class of shares and the designation
26 of the series, if any, which such the certificate represents.

27 4- d. The par value of each share represented by such the
28 certificate.

29 3. A state bank which is authorized to issue different
30 classes of shares or different series within a class must do
31 one of the following:

32 a. Summarize on the front or back of each certificate the
33 designations, relative rights, preferences, and limitations
34 applicable to each class; the variations in rights,
35 preferences, and limitations determined for each series; and

1 the authority of the board of directors to determine
2 variations for future series.

3 b. State conspicuously on the front or back of each
4 certificate that the state bank will furnish the shareholder
5 this information on request in writing and without charge.

6 4. Each share certificate must be signed either manually
7 or in facsimile by two officers as set forth in subsection 1,
8 and may bear the corporate seal or its facsimile.

9 5. If the person who signed a share certificate no longer
10 holds office when the certificate is issued, the certificate
11 is nevertheless valid.

12 6. No A certificate shall not be issued for any share
13 until such share is fully paid.

14 Sec. 41. Section 524.503, Code 1995, is amended to read as
15 follows:

16 524.503 CONSIDERATION FOR SHARES.

17 ~~1-~~ Except in the case of a distribution of shares
18 authorized by section 524.517 or shares issued upon exchanges
19 or conversion, common or preferred shares of a state bank may
20 be issued only for cash in an amount which shall be at least:

21 ~~a.---In-the-case-of-the-issuance-of-additional-common-shares~~
22 ~~of-an-existing-state-bank, equal-to-the-sum-of-the-capital~~
23 ~~represented-by-the-common-shares-and-the-surplus-of-the-state~~
24 ~~bank-divided-by-the-number-of-common-shares-previously-issued~~
25 not less than that determined by the superintendent.

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

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

1 Sec. 42. Section 524.504, Code 1995, is amended by
2 striking the section and inserting in lieu thereof the
3 following:

4 524.504 SUBSCRIPTION FOR SHARES BEFORE INCORPORATION.

5 1. A subscription for shares entered into before
6 incorporation of the state bank is irrevocable for six months
7 unless the subscription agreement provides a longer or shorter
8 period, or all subscribers agree to revocation.

9 2. The board of directors may determine the payment terms
10 of subscriptions for shares that were entered into before
11 incorporation of the state bank unless the subscription
12 agreement specifies the terms. A call for payment by the
13 board of directors must be uniform so far as practicable as to
14 all shares of the same class or series, unless the
15 subscription agreement specifies otherwise.

16 3. Shares issued pursuant to subscriptions entered into
17 before incorporation of the state bank are fully paid and
18 nonassessable when the state bank receives the consideration
19 specified in the subscription agreement.

20 4. If a subscriber defaults in payment of money or
21 property under a subscription agreement entered into before
22 incorporation of the state bank, the state bank may do either
23 of the following:

24 a. Collect the amount owed as any other debt.

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

30 Sec. 43. NEW SECTION. 524.504A FRACTIONAL SHARES.

31 1. A state bank may do any of the following:

32 a. Issue fractions of a share or pay in money the value of
33 fractions of a share.

34 b. Arrange for disposition of fractional shares by the
35 shareholders of the state bank.

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

4 2. Each certificate representing scrip must be
5 conspicuously labeled "scrip" and must contain the information
6 required by section 524.502, subsection 2.

7 3. The holder of a fractional share is entitled to
8 exercise the rights of a shareholder, including the right to
9 vote, to receive dividends, and to participate in the assets
10 of the state bank upon liquidation, but only if the scrip
11 provides for such rights.

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

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

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

19 Sec. 44. Section 524.505, Code 1995, is amended by
20 striking the section and inserting in lieu thereof the
21 following:

22 524.505 LIABILITY OF SHAREHOLDERS.

23 1. A purchaser of the shares of a state bank is not liable
24 to the bank, its creditors, or depositors with respect to the
25 shares except to pay the consideration for which the shares
26 were authorized to be issued under section 524.501, or the
27 consideration specified in the subscription agreement
28 authorized under section 524.504.

29 2. Unless otherwise provided in the articles of
30 incorporation, a shareholder of a state bank is not personally
31 liable for the acts or debts of the state bank.

32 Sec. 45. Section 524.506, Code 1995, is amended by
33 striking the section and inserting in lieu thereof the
34 following:

35 524.506 SHAREHOLDERS' PREEMPTIVE RIGHTS.

1 1. Unless otherwise provided in section 524.506A, the
2 shareholders of a state bank do not have a preemptive right to
3 acquire the state bank's unissued shares except to the extent
4 provided in the articles of incorporation.

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

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

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

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

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

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

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

31 d. A holder of shares of any class without general voting
32 rights but with preferential rights to distributions or assets
33 has no preemptive rights with respect to shares of any class.

34 e. A holder of shares of any class with general voting
35 rights but without preferential rights to distributions or

1 assets has no preemptive rights with respect to shares of any
2 class with preferential rights to distributions or assets
3 unless the shares with preferential rights are convertible
4 into or carry a right to subscribe for or acquire shares
5 without preferential rights.

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

14 3. For purposes of this section, "shares" includes a
15 security convertible into or carrying a right to subscribe for
16 or acquire shares.

17 Sec. 46. NEW SECTION. 524.506A PREEMPTIVE RIGHTS FOR
18 EXISTING STATE BANKS.

19 Notwithstanding contrary provisions of this chapter, a
20 state bank which was incorporated under this chapter prior to
21 July 1, 1995, shall be governed by the following until July 1,
22 1998:

23 1. Except to the extent limited or denied by this section
24 or by the articles of incorporation, shareholders have a
25 preemptive right to acquire unissued shares or securities
26 convertible into such shares or carrying a right to subscribe
27 to or acquire shares.

28 2. Unless otherwise provided in the articles of
29 incorporation:

30 a. No preemptive right exists with respect to either of
31 the following:

32 (1) Acquiring any shares issued to directors, officers, or
33 employees pursuant to approval by the affirmative vote of the
34 holders of a majority of the shares entitled to vote or when
35 authorized by and consistent with a plan approved by such vote

1 of the shareholders.

2 (2) Acquiring treasury shares of the state bank pursuant
3 to section 524.506B.

4 b. A holder of shares of any class that is preferred or
5 limited as to dividends or assets is not entitled to any
6 preemptive right.

7 c. A holder of shares of common stock is not entitled to
8 any preemptive right to shares of any class that is preferred
9 or limited as to dividends or assets or to any obligations,
10 unless convertible into shares of common stock or carrying a
11 right to subscribe to or acquire shares of common stock.

12 d. A holder of common stock without voting power has no
13 preemptive right to shares of common stock with voting power.

14 e. A preemptive right is only an opportunity to acquire
15 shares or other securities under the terms and conditions as
16 fixed by the board of directors for the purpose of providing a
17 fair and reasonable opportunity for the exercise of the
18 preemptive right.

19 Sec. 47. NEW SECTION. 524.506B STATE BANK'S ACQUISITION
20 OF ITS OWN SHARES.

21 1. With the prior approval of the superintendent, a state
22 bank may acquire its own shares. Shares acquired pursuant to
23 this section constitute authorized but unissued shares except
24 as provided in subsection 2.

25 2. If the articles of incorporation prohibit the reissue
26 of acquired shares, the number of authorized shares is reduced
27 by the number of shares acquired, effective upon amendment of
28 the articles of incorporation.

29 Sec. 48. Section 524.507, Code 1995, is amended to read as
30 follows:

31 524.507 ~~OWNING-OR~~ LOANING ON ITS OWN SHARES.

32 No A state bank shall not make any loan or extension of
33 credit on the security of the shares of its own capital, ~~or~~
34 ~~except-as-provided-in-sections-524-1406-and-524-1417,-be-the~~
35 ~~purchaser-or-holder-of-any-such-shares,~~ unless such security

~~1 or-purchase-shall-be~~ is necessary to prevent loss upon a debt
~~2 previously contracted in good faith, and shares so purchased~~
~~3 or-acquired-shall-be-sold-at-public-or-private-sale-within-one~~
~~4 year-from-the-time-of-their-purchase-or-acquisition, unless~~
~~5 the-time-is-extended-by-the-superintendent. Any common shares~~
~~6 of-a-state-bank-purchased-or-acquired-by-the-state-bank~~
~~7 pursuant-to-this-chapter, and sold as directed by this~~
~~8 chapter, shall be subject to the minimum consideration~~
~~9 requirements of subsection 1 of section 524.503 unless a~~
~~10 lesser consideration is approved by the superintendent. -- Any~~
~~11 preferred shares of a state bank purchased or acquired by the~~
~~12 state bank pursuant to this chapter, and sold as directed by~~
~~13 this chapter, shall be subject to the consideration~~
~~14 requirements of subsection 2 of section 524.503.~~

15 Sec. 49. Section 524.509, Code 1995, is amended to read as
 16 follows:

17 524.509 NOTICE OF SHAREHOLDER MEETINGS -- WAIVER OF NOTICE
 18 GENERALLY.

19 1. Written or-printed notice stating the place, day and
 20 hour of a meeting of the shareholders and, in case of a
 21 special meeting, the purpose or purposes for which the meeting
 22 is called, shall be delivered not less than ten nor more than
 23 ~~forty~~ sixty days before the date of the meeting, either
 24 personally or by mail, by or at the direction of the
 25 president, the cashier, or the officer or persons calling the
 26 meeting, to each shareholder of record entitled to vote at
 27 ~~such~~ the meeting. If mailed, ~~such~~ the notice shall-be is
 28 deemed to be delivered when deposited in the United States
 29 mail addressed to the shareholder at the shareholder's address
 30 as it appears on the stock transfer books of the state bank
 31 with postage thereon prepaid.

32 2. ~~Whenever any notice is required to be given to any~~
 33 ~~shareholder under the provisions of this chapter or under the~~
 34 ~~provisions of the articles of incorporation or bylaws of the~~
 35 ~~state bank, a waiver thereof in writing signed by the person~~

1 ~~or persons entitled to such notice, whether before or after~~
2 ~~the time stated therein, shall be equivalent to the giving of~~
3 ~~such notice.~~ A shareholder may waive any notice required by
4 this chapter, the articles of incorporation, or bylaws before
5 or after the date and time stated in the notice. The waiver
6 must be in writing, be signed by the shareholder entitled to
7 the notice, and be delivered to the state bank for inclusion
8 in the minutes or filing with the corporate records.

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

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

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

21 4. Unless the articles of incorporation or bylaws provide
22 otherwise, the shareholders may permit any or all shareholders
23 to participate in a regular or special meeting by, or conduct
24 the meeting through the use of, any means of communication by
25 which all shareholders participating may simultaneously hear
26 each other during the meeting. A shareholder participating in
27 a meeting as provided in this subsection is deemed to be
28 present in person at the meeting.

29 Sec. 50. NEW SECTION. 524.509A ACTION WITHOUT MEETING.

30 1. Unless the articles of incorporation or bylaws provide
31 otherwise, action required or permitted to be taken under this
32 chapter at a special shareholders' meeting may be taken
33 without a meeting if the action is consented to by all
34 shareholders. The action must be evidenced by one or more
35 written consents describing the action taken, signed by each

1 shareholder, and included in the minutes or filed with the
2 corporate records reflecting the action taken.

3 2. Action taken under this section is effective when the
4 last shareholder signs the consent, unless the consent
5 specifies a different effective date.

6 3. A written consent signed under this section has the
7 effect of a meeting vote and may be described as such in any
8 document.

9 Sec. 51. Section 524.510, Code 1995, is amended to read as
10 follows:

11 524.510 ~~CLOSING-OF~~ TRANSFER BOOKS AND FIXING RECORD DATE.

12 The board of directors of a state bank shall cause adequate
13 stock transfer books to be maintained. ~~For-the-purpose-of~~
14 ~~determining-shareholders-entitled-to-notice-of-or-to-vote-at~~
15 ~~any-meeting-of-shareholders-or-any-adjournment-thereof,-or~~
16 ~~entitled-to-receive-payment-of-any-dividend,-or-in-order-to~~
17 ~~make-a-determination-of-shareholders-for-any-other-proper~~
18 ~~purpose,-the-board-of-directors-of-a-state-bank-may-provide~~
19 ~~that-the-stock-transfer-books-shall-be-closed-for-a-stated~~
20 ~~period-but-not-to-exceed,-in-any-case,-fifty-days.--if-the~~
21 ~~stock-transfer-books-shall-be-closed-for-the-purpose-of~~
22 ~~determining-shareholders-entitled-to-notice-of-or-to-vote-at-a~~
23 ~~meeting-of-shareholders,-such-books-shall-be-closed-for-at~~
24 ~~least-ten-days-immediately-preceding-such-meeting.--in-lieu-of~~
25 ~~closing-the-stock-transfer-books,-the~~ The bylaws, or in the
26 absence of an applicable bylaw, the board of directors may
27 fix, in advance, a date as the record date for any such
28 determination of shareholders entitled to notice of or to vote
29 at a meeting of shareholders, such the date in-any-case to be
30 not more than fifty seventy days and, in case of a meeting of
31 shareholders, not less than ten days prior to the date on
32 which the particular action, requiring such the determination
33 of shareholders, is to be taken. ~~If the-stock-transfer-books~~
34 ~~are-not-closed-and-no~~ a record date is not fixed for the
35 determination of shareholders entitled to notice of or to vote

1 at a meeting of shareholders, or shareholders entitled to
2 receive payment of a dividend, the date on which notice of the
3 meeting is mailed or the date on which the resolution of the
4 board of directors declaring such dividend is adopted, as the
5 case may be, shall be the record date for ~~such the~~
6 determination of shareholders. ~~When If~~ a determination of
7 shareholders entitled to vote at any meeting of shareholders
8 has been made as provided in this section, ~~such the~~
9 determination ~~shall-apply~~ applies to any adjournment ~~thereof~~
10 of the meeting.

11 Sec. 52. Section 524.511, Code 1995, is amended to read as
12 follows:

13 524.511 VOTING LIST.

14 The officer or agent having charge of the stock transfer
15 books for shares of a state bank shall ~~make~~, at least ten days
16 before each meeting of shareholders, make a complete list of
17 the shareholders entitled to vote at ~~such the~~ meeting or any
18 adjournment ~~thereof~~ of the meeting, arranged in alphabetical
19 order, with the address of and the number of shares held by
20 each, which list, for a period of ten days prior to ~~such the~~
21 meeting, shall be kept on file at the principal place of
22 business of the state bank and ~~shall-be~~ is subject to
23 inspection by any a shareholder, or a shareholder's agent or
24 attorney, at any time during usual business hours. ~~Such The~~
25 list of shareholders shall also be produced and kept open at
26 the time and place of the meeting and ~~shall-be~~ is subject to
27 the inspection of any a shareholder, or a shareholder's agent
28 or attorney, during the whole time of the meeting. The
29 original stock transfer books ~~shall-be~~ are prima facie
30 evidence as to who are the shareholders entitled to examine
31 ~~such the~~ list or transfer books or to vote at any a meeting of
32 shareholders. Failure to comply with the requirements of this
33 section shall not affect the validity of action taken at ~~such~~
34 a meeting of shareholders.

35 Sec. 53. Section 524.512, Code 1995, is amended to read as

1 follows:

2 524.512 QUORUM OF SHAREHOLDERS.

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

13 2. Once a share is represented for any purpose at a
14 meeting, it is deemed present for the purpose of determining a
15 quorum for the remainder of the meeting and for any
16 adjournment of that meeting unless a new record date is or
17 must be set for that adjourned meeting.

18 Sec. 54. Section 524.513, Code 1995, is amended to read as
19 follows:

20 524.513 VOTING OF SHARES.

21 1. Each outstanding share shall be entitled to one vote on
22 each matter submitted to a vote at a meeting of shareholders,
23 except to the extent that the voting rights of the shares of
24 ~~any-preferred-class,~~ a class or series may be limited or
25 denied by the articles of incorporation.

26 2. Shares of a state bank purchased or acquired by such
27 state bank pursuant to this chapter shall not be voted at any
28 meeting and shall be excluded in determining whether matters
29 voted upon by the shareholders were adopted by the requisite
30 number of shares.

31 3. A shareholder may vote either in person or by proxy
32 executed in writing by the shareholder or by the shareholder's
33 duly authorized attorney-in-fact. ~~No~~ A proxy shall not be
34 valid after eleven months from the date of its execution.

35 4. At each election for directors every shareholder

1 entitled to vote at such election shall have the right to
2 vote, in person or by proxy, the number of shares owned by the
3 shareholder for as many individuals as there are directors to
4 be elected and for whose election the shareholder has a right
5 to vote.

6 ~~Shares-standing-in-the-name-of-another-corporation,~~
7 ~~domestic-or-foreign,~~ may be voted by such officer, agent or
8 ~~proxy-as-the-bylaws-of-such-corporation-may-prescribe,~~ or, in
9 ~~the-absence-of-such-provision,~~ as the board of directors of
10 ~~such-corporation-may-determine.~~

11 ~~Shares-held-by-an-administrator,~~ executor, guardian or
12 ~~conservator-may-be-voted-by-such-person,~~ either in person or
13 ~~by-proxy,~~ without a transfer of such shares into the person's
14 ~~name.--Except-as-provided-in-the-following-sentence,~~ shares
15 ~~standing-in-the-name-of-a-trustee-may-be-voted-by-the-trustee,~~
16 ~~either-in-person-or-by-proxy,~~ but no trustee shall be entitled
17 ~~to-vote-shares-held-by-the-trustee-without-a-transfer-of-such~~
18 ~~shares-into-the-trustee's-name.~~

19 5. In an election of directors, a state bank may shall not
20 vote its own shares held by it as sole trustee unless under
21 the terms of the trust the manner in which such shares shall
22 be voted may be determined by a donor or beneficiary of the
23 trust and unless such donor or beneficiary actually directs
24 how such the shares shall be voted, ~~provided,~~ however, ~~that.~~
25 However, shares held in trust by a state bank pursuant to an
26 instrument in effect prior to January 1, 1970, under the terms
27 of which the manner in which such shares shall be voted could
28 not be determined by a donor or beneficiary of the trust, may
29 be voted in an election of directors of a state bank upon
30 petition filed by the state bank, to a court of competent
31 jurisdiction, and the appointment by such court of an
32 individual to determine the manner in which such the shares
33 shall be voted. When the shares of a state bank are held by
34 such state bank and one or more persons as trustees, such the
35 shares may be voted by such other person or persons as

1 trustees, in the same manner as if the person or persons were
2 the sole trustee. Whenever shares cannot be voted by reason
3 of being held by a state bank as sole trustee, such the shares
4 shall be excluded in determining whether matters voted upon by
5 the shareholders were adopted by the requisite number of
6 shares.

7 ~~Unless otherwise provided by the governing instrument,~~
8 ~~shares which are held jointly by any number of fiduciaries~~
9 ~~shall be voted in the manner determined by the majority of~~
10 ~~such fiduciaries (excluding a trustee ineligible by reason of~~
11 ~~the preceding paragraph) or if the fiduciaries are equally~~
12 ~~divided on the manner of voting, any court of competent~~
13 ~~jurisdiction may, upon petition filed by any such fiduciaries~~
14 ~~or any beneficiary, appoint an additional person to act with~~
15 ~~such fiduciaries in determining the manner in which such~~
16 ~~shares shall be voted.~~

17 ~~Unless otherwise provided by agreement, if persons holding~~
18 ~~shares jointly or as tenants in common are unable to agree~~
19 ~~upon the manner in which such shares shall be voted, the vote~~
20 ~~of such shares shall be divided among such persons in~~
21 ~~proportion to their interest.~~

22 ~~Shares standing in the name of a receiver may be voted by~~
23 ~~such receiver, and shares held by or under the control of a~~
24 ~~receiver may be voted by such receiver without the transfer~~
25 ~~thereof into the receiver's name if authority so to do be~~
26 ~~contained in an appropriate order of the court by which such~~
27 ~~receiver was appointed.~~

28 ~~A shareholder whose shares are pledged shall be entitled to~~
29 ~~vote such shares until the shares have been transferred into~~
30 ~~the name of the pledgee, and thereafter the pledgee shall be~~
31 ~~entitled to vote the shares so transferred.~~

32 ~~On and after the date on which written notice of redemption~~
33 ~~of preferred shares has been mailed to the holders thereof and~~
34 ~~a sum sufficient to redeem such shares has been deposited in~~
35 ~~escrow with irrevocable instruction and authority to pay the~~

1 ~~redemption-price-to-the-holders-thereof-upon-surrender-of~~
2 ~~certificates-therefor,-such-shares-shall-not-be-entitled-to~~
3 ~~vote-on-any-matter-and-shall-not-be-deemed-to-be-outstanding~~
4 ~~shares-~~

5 Sec. 55. Section 524.514, Code 1995, is amended to read as
6 follows:

7 524.514 VOTING TRUST.

8 Any number of shareholders of a state bank may create a
9 voting trust for the purpose of conferring upon a trustee or
10 trustees the right to vote or otherwise represent their
11 shares, for a period of not to exceed ~~twenty~~ ten years, by
12 entering into a written voting trust agreement specifying the
13 terms and conditions of the voting trust, by depositing a
14 counterpart of the agreement with the state bank at its
15 principal place of business, by delivery of a copy ~~thereof~~ of
16 the voting trust agreement to the superintendent and by
17 transferring their shares to such trustee or trustees for the
18 purposes of the agreement. The counterpart of the voting
19 trust agreement so deposited with the state bank ~~shall-be~~ is
20 subject to examination for any proper purpose during usual
21 business hours by a shareholder of the state bank, in person
22 or by agent or attorney, or by any holder of a beneficial
23 interest in the voting trust, in person or by agent or
24 attorney.

25 This section shall not affect the validity of any
26 agreement, relative to the voting of shares, in effect on
27 ~~January~~ prior to July 1, 1970 1995.

28 Sec. 56. NEW SECTION. 524.514A VOTING AGREEMENTS.

29 1. Two or more shareholders may provide for the manner in
30 which they will vote their shares by signing an agreement for
31 that purpose. A voting agreement created under this section
32 is not subject to section 524.514.

33 2. A voting agreement created under this section is
34 subject to a judicial order for specific enforcement.

35 Sec. 57. Section 524.516, subsection 2, Code 1995, is

1 amended to read as follows:

2 2. A dividend may shall not be declared or paid ~~unless the~~
3 ~~transfer of net profits to surplus required by section 524.402~~
4 ~~has been made prior to the declaration of the dividend if~~
5 restricted by the superintendent.

6 Sec. 58. Section 524.517, subsection 2, Code 1995, is
7 amended to read as follows:

8 2. No A distribution may shall not be made in authorized
9 but unissued shares of the state bank unless:

10 ~~a.---There shall be transferred to capital~~ an amount equal
11 to the total par value of the shares distributed, ~~and~~

12 ~~b.---Immediately after the distribution, the surplus of the~~
13 ~~state bank would be at least equal to fifty percent of its~~ is
14 transferred to capital.

15 Sec. 59. Section 524.520, Code 1995, is amended to read as
16 follows:

17 524.520 OPTIONS FOR SHARES.

18 A state bank may authorize the granting of options to
19 officers and employees to purchase unissued, ~~common~~ shares of
20 the state bank in accordance with a plan approved by the
21 superintendent ~~provided the following steps are taken:~~

22 ~~1.---The plan is submitted to a vote of the shareholders at~~
23 ~~an annual meeting or special meeting called for the purpose,~~
24 ~~the notice of the meeting contains a complete description of~~
25 ~~the plan, and the plan receives the affirmative vote of the~~
26 ~~holders of at least two thirds of the shares entitled to vote~~
27 ~~thereon.~~

28 ~~2.---The consideration per share shall be determined as of~~
29 ~~the date the options are granted and shall not be less than~~
30 ~~the sum of the capital represented by common shares and the~~
31 ~~surplus of the state bank divided by the number of common~~
32 ~~shares issued and outstanding on such date, but in no case~~
33 ~~less than an amount approved by the superintendent.~~

34 ~~3.---Options to purchase shares shall have a termination~~
35 ~~date and shall not be transferable by the holder of the option~~

1 ~~during the holder's lifetime. In the event that the option is~~
2 ~~to survive the death of the holder of the option, the option~~
3 ~~shall terminate one year after the date of the holder's death~~
4 ~~but may be exercised by the holder's estate during that one-~~
5 ~~year period.~~

6 4. ~~Notice of the meeting shall describe the extent to~~
7 ~~which pre-emptive rights of shareholders are inapplicable to~~
8 ~~the issuance of shares under this section.~~

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

12 Upon approval by the shareholders as provided in subsection
13 ~~1 of this section, the provisions of section 524.506~~
14 ~~inconsistent with this section shall be inapplicable.~~

15 Sec. 60. Section 524.601, subsection 1, Code 1995, is
16 amended to read as follows:

17 1. The business and affairs of a state bank shall be
18 managed by a board of five or more directors eighteen years of
19 age or older, a majority of whom shall be citizens residents
20 of this the state of Iowa and ~~all of whom shall be~~ citizens of
21 the United States.

22 Sec. 61. Section 624.602, Code 1995, is amended to read as
23 follows:

24 524.602 BOARD OF DIRECTORS -- ELECTION.

25 At the first annual meeting of shareholders and at each
26 annual meeting thereafter the shareholders shall elect
27 directors to hold office until the next succeeding annual
28 meeting. Directors shall hold office for one year and or
29 until their successors have been elected and qualified, unless
30 removed in accordance with provisions of section 524.606.
31 When the shareholders increase determine the number of
32 directors at an annual meeting or at a special meeting, they
33 shall, at the same meeting ~~or at a subsequent meeting,~~ elect a
34 director to fill each new directorship created.

35 Sec. 62. Section 524.604, subsections 1 and 4, Code 1995,

1 are amended to read as follows:

2 1. ~~Reasonably-regular-attendance-at-meetings-of-the-board~~
3 Attendance at no less than seventy-five percent of the regular
4 board meetings held during the calendar year.

5 4. ~~Utilization-of-a-method-to-insure-the-safety-of-the~~
6 ~~funds-of-depositors-as-provided-for-in~~ Review of the adequacy
7 of the bank's internal controls and determination of the most
8 appropriate method to satisfy the bank's audit needs pursuant
9 to section 524.608.

10 Sec. 63. Section 524.605, subsection 3, Code 1995, is
11 amended to read as follows:

12 3. The directors of a state bank who, willfully or
13 negligently, vote for or assent to ~~any-loan loans or extension~~
14 ~~extensions~~ of credit ~~resulting-in-an-obligation, as-defined-in~~
15 ~~subsection-1-of-section-524-904, to-such-state-bank~~ in
16 violation of the provisions of this chapter, shall be jointly
17 and severally liable to the state bank for the total amount of
18 any loss sustained ~~as-a-result-of-such-obligation.~~

19 Sec. 64. Section 524.606, subsection 1, Code 1995, is
20 amended to read as follows:

21 1. At a meeting of shareholders expressly called for that
22 purpose, individual directors or the entire board of directors
23 may be removed, with or without cause, by the affirmative vote
24 of the holders of ~~at-least-two-thirds~~ a majority of the shares
25 entitled to vote at an election of directors. The vacancies
26 created may be filled at the same meeting at which the removal
27 proceedings take place.

28 Sec. 65. Section 524.607, unnumbered paragraph 1, Code
29 1995, is amended to read as follows:

30 The board of directors shall hold at least ~~one-meeting~~ nine
31 regular meetings each calendar ~~month~~ year. No more than one
32 regular meeting shall be held in any one calendar month.
33 Unless the articles of incorporation or bylaws provide
34 otherwise, the board of directors may permit directors to
35 participate in meetings through the use of any means of

1 communication by which all directors participating may
2 simultaneously hear each other during the meeting. A director
3 participating in a meeting by this means is deemed to be
4 present at the meeting.

5 PARAGRAPH DIVIDED. A special meeting may be called by the
6 president, a vice-president, a cashier any executive officer or
7 a director. Notice of a meeting shall be given to each
8 director, either personally or by mail, at least two days in
9 advance of the meeting. Notice of a regular meeting shall not
10 be required if the articles of incorporation, bylaws, or a
11 resolution of the board of directors provide for a regular
12 monthly meeting date.

13 Sec. 66. Section 524.608, Code 1995, is amended by
14 striking the section and inserting in lieu thereof the
15 following:

16 524.608 AUDITING PROCEDURES.

17 In addition to any examination made by the banking division
18 or other supervisory agency, the board of directors shall
19 review the adequacy of the bank's internal controls and cause
20 to be made no less frequently than annually additional
21 auditing procedures that the board deems to be appropriate.
22 The board shall determine the bank's audit needs and record in
23 the board's minutes the extent to which audit procedures are
24 to be employed. A report which summarizes significant audit
25 findings shall be delivered to the superintendent as soon as
26 practical upon completion.

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

32 Sec. 67. Section 524.610, Code 1995, is amended to read as
33 follows:

34 524.610 COMPENSATION OF DIRECTORS.

35 The shareholders of a state bank shall fix the reasonable

1 compensation of directors for their services as members of the
2 board of directors. Subject to the approval of the
3 superintendent and approval by the shareholders at an annual
4 or special meeting called for that purpose, the shareholders
5 of a state bank may adopt a pension or profit sharing plan, or
6 both, or other plan of deferred compensation for directors, to
7 which a state bank may contribute.

8 ~~A director who is also a salaried officer or employee of~~
9 ~~the state bank of which the person is a director shall receive~~
10 ~~no additional compensation as director.~~ Directors may be
11 reimbursed for reasonable expenses incurred in the performance
12 of their duties.

13 Sec. 68. Section 524.612, Code 1995, is amended to read as
14 follows:

15 524.612 DIRECTOR DEALING WITH STATE BANK.

16 1. ~~The total obligations, as defined in subsection 1 of~~
17 ~~section 524.904, of a director to a state bank of which the~~
18 ~~person is a director shall not exceed twenty percent of the~~
19 ~~capital and surplus of the state bank except that the total~~
20 ~~obligations of a director to a state bank of which the person~~
21 ~~is a director shall not exceed forty percent of the capital~~
22 ~~and surplus of the state bank if the amount by which such~~
23 ~~obligations exceed twenty percent of the capital and surplus~~
24 ~~of the state bank shall consist of obligations described in~~
25 ~~paragraph "a" of subsection 2 of section 524.904.~~ Subject to
26 the provisions of section 524.904, a director of a state bank
27 may receive loans and extensions of credit from a state bank
28 of which the person is a director. A majority of the board of
29 directors, voting in the absence of the applying director,
30 shall give its prior approval to ~~any obligation, as defined in~~
31 ~~subsection 1 of section 524.904, of a director to the state~~
32 ~~bank of which the person is a director~~ such loans and
33 extensions of credit. ~~The form of such approval shall be~~
34 ~~specified by the superintendent, and a copy recorded in the~~
35 ~~minutes of the board of directors.~~ Approval shall be recorded

1 in the minutes.

2 2. A director shall not be permitted to receive any loan
3 or extension of credit or use any property of a state bank of
4 which the person is a director at a lower rate of interest or
5 ~~charge-than-the-rate-charged~~ or on terms which are more
6 favorable than the terms offered to other customers under
7 similar circumstances.

8 3. A director shall not receive terms or be paid a higher
9 rate of interest on deposits, by a state bank of which the
10 person is a director, which are more favorable than the-rate
11 paid that provided to any other customer under similar
12 circumstances.

13 4. A director shall not purchase or lease any assets from
14 or sell or lease any assets to a state bank of which the
15 person is a director except upon terms not less favorable to
16 the state bank than those offered to or by other persons. All
17 purchases or leases from and sales or leases to a director
18 shall receive the prior approval of a majority of the board of
19 directors voting in the absence of the interested director.

20 5. For the purpose of this section and section 524.706,
21 ~~any-obligation~~ loans and extensions of credit, as defined in
22 section 524.904, ~~-subsection-17-of~~ to the spouse of a director
23 or officer, other than a spouse who is legally separated from
24 the director or officer under a decree of divorce or separate
25 maintenance, or to minor children of a director or officer to
26 the state bank in which the person is a director or officer
27 ~~is~~, are considered ~~an-obligation~~ loans and extensions of
28 credit of such director or officer. However, ~~an-obligation~~
29 loans and extensions of credit of a spouse ~~is~~ are not
30 considered ~~an-obligation~~ loans and extensions of credit of the
31 director or officer ~~if-the-officer-or-director-and-the-spouse~~
32 ~~of-the-director-or-officer-maintain-separate-deposit-accounts,~~
33 ~~for-either-personal-or-business-purposes,-and-the-funds~~
34 ~~obtained-pursuant-to-the-obligation-of-the-spouse-are-not~~
35 ~~commingled-with-funds-of,-or-used-to-directly-benefit,-the~~

1 officer-or-director, and the obligation is not guaranteed by
2 the director or officer, if all of the following apply:

3 a. Assets and liabilities of a director or officer are not
4 included in the financial statement of the spouse and are not
5 otherwise relied upon as a basis for loans or extensions of
6 credit to the spouse.

7 b. The guarantee of a director or officer is not relied
8 upon as a basis for loans or extensions of credit to the
9 spouse.

10 c. The proceeds of the loans and extensions of credit to
11 the spouse are not intermingled with or used for a common
12 purpose with the proceeds of loans and extensions of credit to
13 the director or officer.

14 Sec. 69. Section 524.613, Code 1995, is amended to read as
15 follows:

16 524.613 PROHIBITIONS APPLICABLE TO CERTAIN FINANCIAL
17 TRANSACTIONS INVOLVING DIRECTORS.

18 1. No A director of a state bank shall:

19 1.---Receive not receive anything of value, other than
20 compensation and expense reimbursement authorized by section
21 524.610, for procuring, or attempting to procure, any loan or
22 extension of credit resulting, or which would result, in an
23 obligation, as defined in subsection 1 of section 524.904, to
24 the state bank or for procuring, or attempting to procure, an
25 investment by the state bank, of which the person is a
26 director.

27 2. Overdraw the director's deposit account in the state
28 bank. A state bank shall not pay an overdraft of a director
29 of the state bank on an account at the state bank, unless the
30 payment of funds is made in accordance with either of the
31 following:

32 a. A written, preauthorized, interest-bearing extension of
33 credit plan that specifies a method of repayment.

34 b. A written, preauthorized transfer of collected funds
35 from another account of the account holder at the state bank.

1 Sec. 70. Section 524.614, Code 1995, is amended to read as
2 follows:

3 524.614 HONORARY AND ADVISORY DIRECTORS.

4 The board of directors of a state bank may appoint an
5 individual as an honorary director, director emeritus, or
6 member of an advisory board. An individual so appointed may
7 shall not vote at any meeting of the board of directors nor,
8 shall not be counted in determining a quorum, and shall not be
9 charged with any responsibilities or be subject to any
10 liabilities imposed upon directors by this chapter.

11 Sec. 71. Section 524.701, Code 1995, is amended by
12 striking the section and inserting in lieu thereof the
13 following:

14 524.701 OFFICERS AND EMPLOYEES.

15 1. A state bank shall have as officers a president, one
16 vice president, and a cashier. No more than two of these
17 positions may be held by the same individual. A state bank
18 may have other officers as prescribed by the articles of
19 incorporation or bylaws.

20 2. The board of directors shall elect one officer as the
21 chief executive officer, who shall be a member of the board of
22 directors.

23 3. Upon written notice by the superintendent, an
24 individual who performs active executive or official duties
25 for a state bank may be treated as an executive officer. A
26 state bank may have a chairperson of the board of directors
27 who, if the person does not perform executive or official
28 duties or receive a salary, need not be considered an
29 executive officer of the state bank.

30 4. An individual employed by a state bank, other than a
31 director or an officer, is considered an employee for the
32 purposes of this chapter.

33 Sec. 72. Section 524.703, Code 1995, is amended to read as
34 follows:

35 524.703 OFFICERS AND EMPLOYEES -- EMPLOYMENT AND

1 COMPENSATION.

2 The board of directors may fix the tenure and provide for
3 the reasonable compensation of officers. ~~Upon approval by the~~
4 ~~board of directors, officers~~ The chief executive officer or
5 the chief executive officer's designee shall determine the
6 employee's compensation and tenure. Officers and employees
7 may be reimbursed for reasonable expenses incurred by them ~~in~~
8 on behalf of the state bank.

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

15 Sec. 73. Section 524.705, Code 1995, is amended to read as
16 follows:

17 524.705 BONDS OF OFFICERS AND EMPLOYEES.

18 The officers and employees of a state bank having the care,
19 custody, or control of any funds or securities for any state
20 bank shall give a good and sufficient bond in a company
21 authorized to do business in this state indemnifying the state
22 bank against losses, which may be incurred by reason of any
23 act or acts of fraud, dishonesty, forgery, theft, larceny,
24 embezzlement, wrongful abstraction, misapplication,
25 misappropriation, or other unlawful act committed by such
26 officer or employee directly or through connivance with
27 others, until all of the officer's or employee's accounts with
28 the state bank ~~shall have been~~ are fully settled and
29 satisfied. The amounts and sureties ~~shall be~~ are subject to
30 the approval of the board of directors. The superintendent
31 may require higher amounts as deemed necessary. If the agent
32 of a bonding company issuing a bond under this section is an
33 officer or employee of the state bank upon which the bond was
34 issued, the bond so issued shall contain a provision that the
35 bonding company shall not use, either as a grounds for

1 rescission or as a defense to liability under the terms and
2 conditions of the bond, the knowledge that the agent was so
3 employed, whether or not the agent received any part of the
4 premium for such the bond as a commission.

5 Sec. 74. Section 524.706, Code 1995, is amended to read as
6 follows:

7 524.706 OFFICER DEALING WITH STATE BANK.

8 1. a. An executive officer of a state bank may receive
9 loans or extensions of credit from a state bank of which the
10 person is an executive officer, ~~resulting in obligations as~~
11 ~~defined in section 524.904, subsection 1,~~ not exceeding, in
12 the aggregate, the following:

13 (1) An amount secured by a lien on a dwelling which is
14 expected, after the obligation is incurred, to be owned by the
15 executive officer and used as the officer's principal
16 ~~residence, provided that after the loan is made there is no~~
17 ~~other loan by the bank to the executive officer, under~~
18 ~~authority of this subparagraph, outstanding.~~

19 (2) An amount to finance the education of a child or
20 children of the executive officer.

21 (3) Any other loans or extensions of credit which in the
22 aggregate do not at any one time exceed the higher of twenty-
23 five thousand dollars or two point-five and one-half percent
24 of the bank's aggregate capital and surplus, but in no event
25 more than one hundred thousand dollars.

26 (4) Other amounts which do not, in the aggregate, exceed
27 the principal amounts of ~~time certificates of deposit in the~~
28 ~~bank which are held in the name of the executive officer, if~~
29 ~~repayment of the loan or credit amounts is at all times~~
30 secured by pledge of the certificates segregated deposit
31 accounts which the bank may lawfully set off. An interest in
32 or portion of a ~~time certificate of~~ segregated deposit account
33 does not satisfy the requirements of this subparagraph if that
34 interest or portion is also pledged to secure the payment of a
35 debt or obligation of any person other than the executive

1 officer. If the deposit is eligible for withdrawal before the
 2 secured loan matures, the bank shall establish internal
 3 procedures to prevent the release of the security without the
 4 bank's prior consent.

5 b. A state bank shall not loan money or extend credit to
 6 an executive officer of such the state bank, ~~nor shall~~ and an
 7 executive officer of a state bank shall not receive a loan or
 8 extension of credit from such the state bank, exceeding the
 9 limitations imposed by this section or for a purpose other
 10 than that authorized by this section. Such loans or
 11 extensions of credit shall not exceed an amount totaling more
 12 than ~~twenty-percent-of-the-capital-and-surplus~~ fifteen percent
 13 of the aggregate capital of the state bank and any such loan
 14 on real property shall comply with section 524.905. A
 15 majority of the board of directors, voting in the absence of
 16 the applying executive officer, whether or not the executive
 17 officer is also a director, shall give its prior approval to
 18 any obligation of an executive officer to the state bank of
 19 which the person is an executive officer. ~~The form of~~
 20 ~~approval shall be specified by the superintendent, and a copy~~
 21 ~~recorded in the minutes of the board of directors.~~ Approval
 22 shall be recorded in the minutes.

23 ~~c. For the purposes of this subsection "executive officer"~~
 24 ~~means an officer of a state bank who participates or has~~
 25 ~~authority to participate, otherwise than in the capacity of a~~
 26 ~~director, in major policymaking functions of the bank,~~
 27 ~~regardless of whether the officer has an official title or~~
 28 ~~whether the officer's title contains a designation of~~
 29 ~~assistant and regardless of whether the officer is serving~~
 30 ~~without salary or other compensation. The chairperson of the~~
 31 ~~board, every president, every vice president, the cashier,~~
 32 ~~secretary, and treasurer of a state bank are assumed to be~~
 33 ~~executive officers, unless, by resolution of the board of~~
 34 ~~directors or by the bank's bylaws, but subject to contrary~~
 35 ~~notice by the superintendent as provided for in section~~

1 524.701, any such officer is excluded from participation in
2 major policymaking functions, otherwise than in the capacity
3 of a director of the bank, and the officer does not actually
4 participate.

5 2. The provisions of section Section 524.612, subsections
6 subsection 2, 3 and 4, shall apply applies to executive
7 officers, and section 524.612, subsections 3 and 4, apply to
8 all officers and employees.

9 3. If an individual is a director and an officer, the
10 individual shall be subject to the limitations of subsection 1
11 of this section. Upon the request of the board of directors,
12 an officer or employee of a state bank shall submit to the
13 board of directors a personal financial statement which shall
14 include the names of all persons to whom the officer or
15 employee is obligated, the dates, terms, and amounts of each
16 loan or other obligation, the security for the loan or
17 obligation, and the purpose for which the proceeds of the loan
18 or other obligation has been or is to be used.

19 4. Whenever an officer of a state bank borrows from or
20 otherwise becomes obligated to any person or persons other
21 than the state bank of which the person is an officer, in a
22 total amount equal to or exceeding twenty-five thousand
23 dollars excluding such amounts as may be owing by the officer
24 secured by a first lien on a dwelling which is used by the
25 officer as the officer's residence, the officer shall report
26 in writing to the superintendent that the officer is so
27 obligated. Upon the request of the superintendent, a director
28 or an officer of a state bank shall submit to the
29 superintendent, a personal financial statement which shall
30 show the names of all persons to whom the director or officer
31 is obligated, the dates, terms, and amounts of each loan or
32 other obligation, the security therefor for the loan or
33 obligation, and the purpose for which the proceeds of such
34 loans or other obligations have the loan or other obligation
35 has been or are is to be used.

1 Sec. 75. Section 524.707, Code 1995, is amended to read as
2 follows:

3 524.707 REMOVAL OF OFFICERS OR EMPLOYEES.

4 1. Any An officer or employee may be removed by the board
5 of directors whenever in its judgment the best interests of
6 the state bank shall be served thereby by such removal, but
7 such the removal shall be without prejudice to the contract
8 rights, if any, of the officer or employee so removed.
9 Election of an officer shall not of itself create contract
10 rights.

11 2. ~~Subsection-2-of-section~~ Section 524.606, providing
12 subsection 2, which provides for the removal of directors by
13 the superintendent, shall have equal application to officers
14 and employees.

15 Sec. 76. Section 524.708, Code 1995, is amended to read as
16 follows:

17 524.708 REPORT OF CHANGE IN OFFICER PERSONNEL.

18 A state bank shall promptly notify the superintendent of
19 any change in the ~~names-of~~ individuals holding the offices of
20 chairperson, chief executive officer or president, vice
21 president, and cashier.

22 Sec. 77. Section 524.710, Code 1995, is amended to read as
23 follows:

24 524.710 PROHIBITIONS APPLICABLE TO CERTAIN FINANCIAL
25 TRANSACTIONS INVOLVING OFFICERS AND EMPLOYEES.

26 1. No An officer or employee of a state bank shall not do
27 any of the following:

28 ~~1-~~ a. Receive anything of value, other than compensation
29 as authorized by section 524.703, for procuring, or attempting
30 to procure, any loan or extension of credit ~~resulting-or~~
31 ~~which-would-result, in-an-obligation~~, as defined in subsection
32 ~~1-of~~ section 524.904, to for the state bank or for procuring,
33 or attempting to procure, an investment by the state bank, ~~of~~
34 ~~which-the-person-is-an-officer-or-employee~~.

35 2. ~~Overdraw-the-officer's-or-employee's-deposit-account-in~~

1 ~~the-state-bank-~~

2 3- b. Engage, directly or indirectly, in the sale of any
3 kind of insurance, shares of stock, bonds or other securities,
4 or real property, or procure or attempt to procure for a fee
5 or other compensation, a loan or extension of credit for any
6 person from a person other than the state bank of which the
7 person is an officer or employee, or act in any fiduciary
8 capacity, unless authorized to do so by the board of directors
9 of the state bank which shall also determine the manner in
10 which the profits, fees, or other compensation derived
11 therefrom shall be distributed.

12 2. A state bank shall not pay an overdraft of an officer
13 or employee of the state bank on an account at the state bank,
14 unless the payment of funds is made in accordance with either
15 of the following:

16 a. A written, preauthorized, interest-bearing extension of
17 credit plan that specifies a method of repayment.

18 b. A written, preauthorized transfer of collected funds
19 from another account of the account holder at the state bank.

20 Sec. 78. Section 524.801, subsection 1, Code 1995, is
21 amended by striking the subsection.

22 Sec. 79. Section 524.801, Code 1995, is amended by adding
23 the following new subsection:

24 NEW SUBSECTION. 13. To set off a customer's account
25 against any of the customer's debts or liabilities owed the
26 state bank pursuant to an agreement entered into between the
27 customer and the state bank.

28 Sec. 80. Section 524.802, Code 1995, is amended to read as
29 follows:

30 524.802 ~~ADDITIONAL POWERS RELATED-TO-CONDUCT-OF-BUSINESS~~
31 ~~OF A STATE BANK.~~

32 A state bank shall have in addition to other powers granted
33 by this chapter, and subject to the limitations and
34 restrictions contained in this chapter, the power to do all of
35 the following:

1 1. ~~The power to become a member of a clearing house~~
2 association ~~Become~~ an insured bank pursuant to the Federal
3 Deposit Insurance Act and to take action as necessary to
4 maintain the state bank's insured status.

5 2. ~~The power to become~~ Become a member of the federal
6 reserve system, to acquire and hold shares of stock in a the
7 appropriate federal reserve bank, to take all actions incident
8 to maintenance of such membership and to exercise all powers
9 conferred on member banks by the federal reserve system that
10 are not inconsistent with the provisions of this chapter
11 conferred on member banks by the federal reserve system.

12 3. ~~The power to become an insured bank pursuant to the~~
13 ~~federal deposit insurance Act and to take all actions incident~~
14 ~~to maintenance of an insured status thereunder.~~ Become a
15 member of a clearinghouse association.

16 4. ~~The power to act~~ Act as agent of the United States or
17 of any instrumentality or agency thereof ~~for the sale or issue~~
18 ~~of bonds, notes or other obligations~~ of the United States.

19 4A. Act as agent for a depository institution affiliate to
20 the same extent that a national bank can act as an agent for a
21 depository institution under the provisions of section 18 of
22 the Federal Deposit Insurance Act, 12 U.S.C. § 1828.

23 5. ~~The power to buy~~ Buy and sell coin, currency, and
24 bullion.

25 6. ~~All other powers incidental to the conduct of the~~
26 ~~business of banking.~~ Organize, acquire, and hold shares of
27 stock in an operations subsidiary, with the prior approval of
28 the superintendent.

29 7. Engage in the brokerage of insurance and real estate
30 subject to the prior approval of the superintendent.

31 8. Acquire and hold shares of stock in the appropriate
32 federal home loan bank and to exercise all powers conferred on
33 member banks of the federal home loan bank system that are not
34 inconsistent with this chapter. A purchase of federal home
35 loan bank shares which causes the state bank's holdings to

1 exceed fifteen percent of aggregate capital requires the prior
2 approval of the superintendent.

3 9. Acquire and hold shares of stock in the federal
4 agricultural mortgage corporation or corporations engaged
5 solely in the pooling of agricultural loans for the federal
6 agricultural mortgage corporation guarantees.

7 10. Become a member of a bankers' bank.

8 11. Subject to the prior approval of the superintendent,
9 organize, acquire, or invest in a subsidiary for the purpose
10 of engaging in any of the following:

11 a. Nondepository activities that a state bank is
12 authorized to engage in directly under this chapter.

13 b. Activities that a bank service corporation is
14 authorized to engage in under state or federal law or
15 regulation.

16 c. Activities authorized pursuant to section 524.825.

17 12. Acquire, hold, and improve real estate for the sole
18 purpose of economic or community development, provided that
19 the state bank's aggregate investment in all acquisitions and
20 improvements of real estate under this subsection shall not
21 exceed fifteen percent of a state bank's aggregate capital and
22 shall be subject to the prior approval of the superintendent.

23 13. All other powers determined by the superintendent to
24 be appropriate for a state bank.

25 Sec. 81. Section 524.803, Code 1995, is amended to read as
26 follows:

27 524.803 BUSINESS PROPERTY OF STATE BANK.

28 1. A state bank shall have power to do all of the
29 following:

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

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

1 c. Subject to the prior approval of the superintendent,
2 acquire and hold shares in a corporation engaged solely in
3 holding or operating real property used wholly or
4 substantially by a state bank in its operations or acquired
5 for its future use ~~and in a corporation organized solely for~~
6 ~~the purpose of providing data processing services, as such~~
7 ~~services are defined in the first sentence of section 524.804.~~

8 d. Subject to the prior approval of the superintendent,
9 ~~invest in a bank service corporation as defined by, and in~~
10 ~~accordance with, the laws of the United States~~ acquire and
11 hold shares in a corporation organized solely for the purpose
12 of providing data processing services, as such services are
13 defined in section 524.804.

14 e. Subject to the prior approval of the superintendent,
15 acquire and hold shares in a corporation engaged in providing
16 and operating facilities through which banks and customers may
17 engage, by means of either the direct transmission of
18 electronic impulses to and from a bank or the recording of
19 electronic impulses or other indicia of a transaction for
20 delayed transmission to a bank, in transactions in which such
21 banks are otherwise permitted to engage pursuant to applicable
22 law.

23 ~~f. Organize, acquire, or invest in a subsidiary for the~~
24 ~~purpose of engaging in any one or more of the following,~~
25 ~~subject to the prior approval of the superintendent:~~

26 ~~(1) Nondepository activities that a state bank is~~
27 ~~authorized to engage in directly under this chapter.~~

28 ~~(2) Any activity that a bank service corporation is~~
29 ~~authorized to engage in under state or federal law or~~
30 ~~regulation.~~

31 ~~(3) Any activity authorized pursuant to section 524.825.~~

32 2. The book value of all real and personal property
33 acquired and held pursuant to this section, of all alterations
34 to buildings on real property owned or leased by a state bank,
35 of all shares in corporations acquired pursuant to paragraphs

1 "c", and "d", and "e" of subsection 1 of ~~this section~~, and of
2 any and all obligations of such corporations to the state
3 bank, shall not exceed ~~twenty-five~~ forty percent of the
4 aggregate capital, ~~surplus and undivided profits~~ of the state
5 bank or such larger amount as may be approved by the
6 superintendent.

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

12 Sec. 82. Section 524.804, Code 1995, is amended to read as
13 follows:

14 524.804 DATA PROCESSING SERVICES.

15 A state bank which owns or leases equipment to perform such
16 bank services as check and deposit sorting and posting,
17 computation and posting of interest and other credits and
18 charges, preparation and mailing of checks, statements,
19 notices, and similar items, or other clerical, bookkeeping,
20 accounting, statistical, or other similar functions, may
21 provide similarly related data processing services for others
22 whether or not engaged in the business of banking. If a state
23 bank holds shares in a corporation organized solely for the
24 purpose of providing data processing services, pursuant to the
25 authority granted by ~~paragraph "c" of subsection 1 of~~ section
26 524.803, subsection 1, paragraph "d", other than a bank
27 service corporation as defined by the laws of the United
28 States, such corporation shall be authorized to perform
29 services for the state bank owning such interest and for
30 others, whether or not engaged in the business of banking.

31 Sec. 83. Section 524.805, subsections 1 and 4, Code 1995,
32 are amended to read as follows:

33 1. A state bank may receive money for deposit and may
34 provide, by resolution of the board of directors, for the
35 payment of interest ~~thereon in an amount not inconsistent with~~

1 ~~the provisions of subsection 2 of this section~~ on such deposit
2 and shall repay such the deposit in accordance with the terms
3 and conditions of its acceptance.

4 4. A state bank may make such charges for the handling or
5 custody of deposits as may be fixed by its board of directors
6 provided that a schedule of such the charges shall be
7 furnished to the customer at the time of acceptance by the
8 state bank of the initial deposit. Any change in such the
9 charges shall be furnished to the customer within a reasonable
10 amount period of time before the effective date of such the
11 change.

12 Sec. 84. Section 524.805, subsection 2, Code 1995, is
13 amended by striking the subsection.

14 Sec. 85. Section 524.809, subsection 1, Code 1995, is
15 amended to read as follows:

16 1. A state bank may lease safe deposit boxes for the
17 storage of property on terms and conditions prescribed by ~~it~~
18 the state bank. ~~Such~~ The terms and conditions shall not bind
19 any a customer or the customer's successors or legal
20 representatives to whom the state bank does not give notice
21 thereof of such terms and conditions by delivery of a lease
22 and agreement in writing containing such the terms and
23 conditions. A state bank may limit its liability provided
24 such limitations are set forth in the lease and agreement in
25 at least the same size and type as the other substantive
26 provisions of the contract lease and agreement.

27 Sec. 86. Section 524.812, subsection 2, Code 1995, is
28 amended to read as follows:

29 2. If the rental for the safe deposit box has not been
30 paid after prior to the expiration of the period specified in
31 a notice mailed pursuant to subsection 1 of this section, the
32 state bank may, in the presence of two of its officers, cause
33 the box to be opened and the contents removed. An inventory
34 of the contents of the safe deposit box shall be made by the
35 two officers present and the contents held by the state bank

1 for the account of the customer.

2 Sec. 87. Section 524.825, Code 1995, is amended to read as
3 follows:

4 524.825 SECURITIES ACTIVITIES.

5 Subject to the prior approval of the superintendent and as
6 authorized by rules adopted by the superintendent pursuant to
7 chapter 17A, a state bank or a subsidiary of a state bank
8 organized or acquired pursuant to section ~~524.803~~ 524.802,
9 subsection ~~± 11~~, ~~paragraph-"f"~~ may engage in directly, or may
10 organize, acquire, or invest in a subsidiary for the purpose
11 of engaging in securities activities and any aspect of the
12 securities industry, including, but not limited to, any of the
13 following:

14 1. Issuing, underwriting, selling, or distributing stocks,
15 bonds, debentures, notes, interest in mutual funds or money-
16 market-type mutual funds, or other securities.

17 2. Organizing, sponsoring, and operating one or more
18 mutual funds.

19 3. Acting as a securities broker-dealer licensed under
20 chapter 502. The business relating to securities shall be
21 conducted through, and in the name of, the broker-dealer. The
22 requirements of chapter 502 apply to any business of the
23 broker-dealer transacted in this state.

24 A subsidiary engaging in activities authorized by this
25 section may also engage in any other authorized activities
26 under section ~~524.803~~ 524.802, subsection ~~±7~~-~~paragraph-"f"~~ 11.

27 Sec. 88. Section 524.901, Code 1995, is amended by
28 striking the section and inserting in lieu thereof the
29 following:

30 524.901 INVESTMENTS.

31 1. For purposes of this section, unless the context
32 otherwise requires:

33 a. "Investment securities" means marketable obligations in
34 the form of bonds, notes, or debentures which have been
35 publicly offered, are of sound value, or are secured so as to

1 be readily marketable at a fair value, and are within the four
2 highest grades according to a reputable rating service or
3 represent unrated issues of equivalent value. "Investment
4 securities" does not include investments which are
5 predominately speculative in nature.

6 b. "Shares" means proprietary units of ownership of a
7 corporation.

8 2. A state bank shall not invest for its own account more
9 than fifteen percent of its aggregate capital in investment
10 securities of any one obligor. Any premium paid by a state
11 bank for any investment securities shall not be included in
12 determining the amount that may be invested under this
13 subsection.

14 3. Subject only to the exercise of prudent banking
15 judgment, a state bank may invest for its own account without
16 regard to the limitation provided in subsection 2 in any of
17 the following:

18 a. Investment securities of the United States of which the
19 payment of principal and interest is fully and unconditionally
20 guaranteed by the United States.

21 b. Investment securities issued, insured, or guaranteed by
22 a department or an agency of the United States government,
23 provided that the securities, insurance, or guarantee commits
24 the full faith and credit of the United States for the
25 repayment of the securities.

26 c. Investment securities of the federal national mortgage
27 association or the association's successor.

28 d. Investment securities of the federal home loan mortgage
29 corporation or the corporation's successor.

30 e. Investment securities of the student loan marketing
31 association or the association's successor.

32 f. Investment securities of a federal home loan bank.

33 g. Investment securities of a farm credit bank.

34 h. Investment securities representing general obligations
35 of the state of Iowa or of political subdivisions of the

1 state.

2 4. A state bank may invest without limit in the shares or
3 units of investment companies or investment trusts registered
4 under the federal Investment Company Act of 1940, 15 U.S.C. §
5 80a, the portfolio of which is limited to United States
6 investment securities described in subsection 3 or repurchase
7 agreements fully collateralized by United States investment
8 securities described in subsection 3, if delivery of the
9 collateral is taken either directly or through an authorized
10 custodian and the dollar-weighted average maturity of the
11 portfolio is not more than five years. All other investments
12 by a state bank in the shares or units of investment companies
13 or investment trusts registered under the federal Investment
14 Company Act of 1940, 15 U.S.C. § 80a, whose portfolios
15 exclusively contain investment securities permissible pursuant
16 to subsections 2 and 3, shall not exceed fifteen percent of
17 the state bank's aggregate capital.

18 5. To the extent necessary to meet minimum membership or
19 participation criteria, a state bank may invest for its own
20 account in the shares of the appropriate federal reserve bank,
21 the appropriate federal home loan bank, the federal national
22 agricultural mortgage corporation or corporations engaged
23 solely in the pooling of agricultural loans for federal
24 agricultural mortgage corporation guarantees, and other
25 similar investments acceptable to the superintendent and
26 approved in writing by the superintendent. The bank's
27 investment in the shares of each of the organizations is
28 limited to fifteen percent of its aggregate capital or a
29 higher amount as approved by the superintendent. Not-
30 withstanding the specific requirements of this section, any
31 shares of government-sponsored entities held by a state bank
32 on or before July 1, 1995, shall be authorized.

33 6. A state bank, upon the approval of the superintendent,
34 may acquire and hold the shares of any corporation in which a
35 state bank is authorized to acquire and hold pursuant to this

1 chapter.

2 7. A state bank, upon the approval of the superintendent,
3 may invest up to five percent of its aggregate capital in the
4 shares or equity interests of any of the following:

5 a. Economic development corporations organized under
6 chapter 496B to the extent authorized by and subject to the
7 limitations of that chapter.

8 b. Community development corporations or community
9 development projects to the same extent a national bank may
10 invest in such corporations or projects pursuant to 12 U.S.C.
11 § 24.

12 c. Small business investment companies as defined by the
13 laws of the United States.

14 d. Venture capital funds which invest an amount equal to
15 at least fifty percent of a state bank's investment in small
16 businesses having their principal offices within this state
17 and having either more than one-half of their assets within
18 this state or more than one-half of their employees employed
19 within this state.

20 e. Small businesses having a principal office within this
21 state and having either more than one-half of their assets
22 within this state or more than one-half of their employees
23 employed within this state. An investment by a state bank in
24 a small business under this paragraph shall be included with
25 the obligations of the small business to the state bank that
26 are incurred as a result of the exercise by the state bank of
27 the powers conferred in section 524.902 for the purpose of
28 determining the total obligations of the small business
29 pursuant to section 524.904. A state bank's equity interest
30 investment in a small business, pursuant to this paragraph,
31 shall not exceed a twenty percent ownership interest in the
32 small business.

33 f. Other entities, acceptable to the superintendent, whose
34 sole purpose is to promote economic or civic developments
35 within a community or this state.

1 A state bank's total investment in any combination of the
2 shares or equity interests of the entities identified in
3 paragraphs "a" through "f" shall be limited to fifteen percent
4 of its aggregate capital.

5 For purposes of this subsection, the term "venture capital
6 fund" means a corporation, partnership, proprietorship, or
7 other entity whose principal business is or will be the making
8 of investments in, and the providing of significant managerial
9 assistance to, small businesses. The term "small business"
10 means a corporation, partnership, proprietorship, or other
11 entity which meets the appropriate United States small
12 business administration definition of small business and which
13 is principally engaged in the development or exploitation of
14 inventions, technological improvements, new processes, or
15 other products not previously generally available in this
16 state, or other investments which provide an economic benefit
17 to the state. The term "equity interests" means limited
18 partnership interests and other equity interests in which
19 liability is limited to the amount of the investment, but does
20 not mean general partnership interests or other interests
21 involving general liability.

22 8. A state bank, in the exercise of the powers granted in
23 this chapter, may purchase cash value life insurance contracts
24 which may include provisions for the lump sum payment of
25 premiums and which may include insurance against the loss of
26 the lump sum payment. The cash value life insurance contracts
27 purchased from any one company shall not exceed fifteen
28 percent of aggregate capital of the state bank, and in the
29 aggregate from all companies, shall not exceed twenty-five
30 percent of aggregate capital of the state bank unless the
31 state bank has obtained the approval of the superintendent
32 prior to the purchase of any cash value life insurance
33 contract in excess of this limitation.

34 9. A state bank may invest without limitation for its own
35 account in futures, forward, and standby contracts to purchase

1 and sell any of the instruments a state bank is authorized to
2 purchase and sell, subject to the prior approval of the
3 superintendent and pursuant to applicable federal laws and
4 regulations governing such contracts. Purchase and sale of
5 such contracts shall be conducted in accordance with safe and
6 sound banking practices and with the level of the activity
7 being reasonably related to the state bank's business needs
8 and capacity to fulfill its obligations under the contracts.

9 Sec. 89. Section 524.903, subsections 2 and 3, Code 1995,
10 are amended to read as follows:

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

21 3. A state bank may, with the prior approval of the
22 superintendent, may accept drafts, having not more than three
23 months after sight to run, drawn upon it by banks or bankers
24 in foreign countries, or in dependencies or insular
25 possessions of the United States, for the purpose of
26 furnishing dollar exchange as required by the usages of trade
27 where the drafts are drawn in an aggregate amount which shall
28 not at any time exceed for all such acceptance on behalf of a
29 single bank or banker ten seven and one-half percent of the
30 state bank's aggregate capital and-surplus, and for all such
31 acceptances, fifty thirty percent of the state bank's
32 aggregate capital and-surplus.

33 Sec. 90. Section 524.904, Code 1995, is amended by
34 striking the subsection and inserting in lieu thereof the
35 following:

1 524.904 LOANS AND EXTENSIONS OF CREDIT TO ONE BORROWER.

2 1. For purposes of this section, "loans and extensions of
3 credit" means a state bank's direct or indirect advance of
4 funds to a borrower based on an obligation of that borrower to
5 repay the funds or repayable from specific property pledged by
6 the borrower and shall include:

7 a. A contractual commitment to advance funds, as defined
8 in section 524.103.

9 b. A maker or endorser's obligation arising from a state
10 bank's discount of commercial paper.

11 c. A state bank's purchase of securities subject to an
12 agreement that the seller will repurchase the securities at
13 the end of a stated period.

14 d. A state bank's purchase of third-party paper subject to
15 an agreement that the seller will repurchase the paper upon
16 default or at the end of a stated period. The amount of the
17 state bank's loan is the total unpaid balance of the paper
18 owned by the state bank less any applicable dealer reserves
19 retained by the state bank and held by the state bank as
20 collateral security. Where the seller's obligation to
21 repurchase is limited, the state bank's loan is measured by
22 the total amount of the paper the seller may ultimately be
23 obligated to repurchase. A state bank's purchase of third-
24 party paper without direct or indirect recourse to the seller
25 is not a loan or extension of credit to the seller.

26 e. An overdraft.

27 f. Amounts paid against uncollected funds.

28 g. Loans or extensions of credit that have been charged
29 off the books of the state bank in whole or in part, unless
30 the loan or extension of credit has become unenforceable by
31 reason of discharge in bankruptcy; or is no longer legally
32 enforceable because of expiration of the statute of
33 limitations or a judicial decision; or forgiven under an
34 executed written agreement by the state bank and the borrower.

35 h. The aggregate rentals payable by the borrower under

1 leases of personal property by the state bank as lessor.

2 i. Loans and extensions of credit to one borrower
3 consisting of investments in which the state bank has invested
4 pursuant to section 524.901.

5 j. Amounts invested by a state bank for its own account in
6 the shares and obligations of a corporation which is a
7 customer of the state bank.

8 k. All other loans and extensions of credit to one
9 borrower of the state bank not otherwise excluded by
10 subsection 7, whether directly or indirectly, primarily or
11 secondarily.

12 2. A state bank's total outstanding loans and extensions
13 of credit to one borrower shall not exceed fifteen percent of
14 the state bank's aggregate capital as defined in section
15 524.103, unless the additional lending provisions described in
16 subsections 3, 4, and 5 apply.

17 3. A state bank may grant loans or extensions of credit to
18 one borrower up to twenty-five percent of the state bank's
19 aggregate capital if the amount that exceeds fifteen percent
20 of the state bank's aggregate capital is fully secured by one
21 or any combination of the following:

22 a. Nonnegotiable bills of lading, warehouse receipts, or
23 other documents transferring or securing title covering
24 readily marketable nonperishable staples when such goods are
25 covered by insurance to the extent that insuring the goods is
26 customary, and when the market value of the goods is not at
27 any time less than one hundred twenty percent of the amount of
28 the loans and extensions of credit.

29 b. Nonnegotiable bills of lading, warehouse receipts, or
30 other documents transferring or securing title covering
31 readily marketable refrigerated or frozen staples when such
32 goods are fully covered by insurance and when the market value
33 of the goods is not at any time less than one hundred twenty
34 percent of the amount of the loans and extensions of credit.

35 c. Shipping documents or instruments that secure title to

1 or give a first lien on livestock. At inception, the current
2 value of the livestock securing the loans must equal at least
3 one hundred percent of the amount of the outstanding loans and
4 extensions of credit. For purposes of this section,
5 "livestock" includes dairy and beef cattle, hogs, sheep, and
6 poultry, whether or not held for resale. For livestock held
7 for resale, current value means the price listed for livestock
8 in a regularly published listing or actual purchase price
9 established by invoice. For livestock not held for resale,
10 the value shall be determined by the local slaughter price.
11 The bank must maintain in its files evidence of purchase or an
12 inspection and valuation for the livestock pledged that is
13 reasonably current, taking into account the nature and
14 frequency of turnover of the livestock to which the documents
15 relate.

16 d. Mortgages, deeds of trust, or similar instruments
17 granting a first lien on farm land or on single-family or two-
18 family residences, subject to the provisions of section
19 524.905, provided the amount loaned shall not exceed fifty
20 percent of the appraised value of such real property.

21 e. With the prior approval of the superintendent, other
22 readily marketable collateral. The market value of the
23 collateral securing the loans must at all times equal at least
24 one hundred percent of the outstanding loans and extensions of
25 credit.

26 4. A state bank may grant loans and extensions of credit
27 to a corporate group, including the lending provisions of
28 subsection 3, in an amount not to exceed twenty-five percent
29 of the state bank's aggregate capital. A corporate group
30 includes a person and all corporations in which the person
31 owns or controls fifty percent or more of the shares entitled
32 to vote.

33 5. A state bank may grant loans or extensions of credit to
34 one borrower not to exceed thirty-five percent of the state
35 bank's aggregate capital if the amount that exceeds the

1 lending provisions provided in subsections 2, 3, and 4
2 consists of obligations as endorser of negotiable chattel
3 paper negotiated by endorsement with recourse, or as
4 unconditional guarantor of nonnegotiable chattel paper, or as
5 transferor of chattel paper endorsed without recourse subject
6 to a repurchase agreement.

7 6. For purposes of this section:

8 a. Loans and extensions of credit to one person will be
9 attributed to another person and will be considered one
10 borrower if either of the following apply:

11 (1) The proceeds, or assets purchased with the proceeds,
12 benefit another person, other than a bona fide arm's length
13 transaction where the proceeds are used to acquire property,
14 goods, or services.

15 (2) The expected source of repayment for each loan or
16 extension of credit is the same for each borrower and no
17 borrower has another source of income from which the loan may
18 be fully repaid.

19 b. Loans and extensions of credit to a partnership, joint
20 venture, or association are deemed to be loans and extensions
21 of credit to each member of the partnership, joint venture, or
22 association. This provision does not apply to limited
23 partners in limited partnerships or to members of joint
24 ventures or associations if the partners or members, by the
25 terms of the partnership or membership agreement or other
26 written agreement, are not to be held generally liable for the
27 debts or actions of the partnership, joint venture, or
28 association, and those provisions are valid under applicable
29 law.

30 c. Loans and extensions of credit to members of a
31 partnership, joint venture, or association are not attributed
32 to the partnership, joint venture, or association unless loans
33 and extensions of credit are made to the member to purchase an
34 interest in the partnership, joint venture, or association, or
35 the proceeds are used for a common purpose with the proceeds

1 of loans and extensions of credit to the partnership, joint
2 venture, or association.

3 d. Loans and extensions of credit to one borrower which
4 are endorsed or guaranteed by another borrower will not be
5 combined with loans and extensions of credit to the endorser
6 or guarantor unless the endorsement or guaranty is relied upon
7 as a basis for the loans and extensions of credit. A state
8 bank shall not be deemed to have violated this section if the
9 endorsement or guaranty is relied upon after inception of
10 loans and extensions of credit, but the state bank shall, if
11 required by the superintendent, dispose of loans and
12 extensions of credit to one borrower in the amount in excess
13 of the limitations of this section within a reasonable time as
14 fixed by the superintendent.

15 e. When the superintendent determines the interests of a
16 group of more than one borrower, or any combination of the
17 members of the group, are so interrelated that they should be
18 considered a unit for the purpose of applying the limitations
19 of this section, some or all loans and extensions of credit to
20 that group of borrowers existing at any time shall be combined
21 and deemed loans and extensions of credit to one borrower. A
22 state bank shall not be deemed to have violated this section
23 solely by reason of the fact that loans and extensions of
24 credit to a group of borrowers exceed the limitations of this
25 section at the time of a determination by the superintendent
26 that the indebtedness of that group must be combined, but the
27 state bank shall, if required by the superintendent, dispose
28 of loans and extensions of credit to the group in the amount
29 in excess of the limitations of this section within a
30 reasonable time as fixed by the superintendent.

31 7. Total loans and extensions of credit to one borrower
32 for the purpose of applying the limitations of this section
33 shall not include any of the following:

34 a. Additional funds advanced for taxes or for insurance if
35 the advance is for the protection of the state bank, and

1 provided that such amounts receive the prior approval of the
2 superintendent.

3 b. Accrued and discounted interest on existing loans or
4 extensions of credit.

5 c. Any portion of a loan or extension of credit sold as a
6 participation by a state bank on a nonrecourse basis, provided
7 that the participation results in a pro rata sharing of credit
8 risk proportionate to the respective interests of the
9 originating and participating lenders. Where a participation
10 agreement provides that repayment must be applied first to the
11 portions sold, a pro rata sharing will be deemed to exist only
12 if the agreement also provides that in the event of a default
13 or comparable event defined in the agreement, participants
14 must share in all subsequent repayments and collections in
15 proportion to their percentage participation at the time of
16 the occurrence of the event. If an originating state bank
17 funds the entire loan, it must receive funding from the
18 participants on the same day or the portions funded will be
19 treated as loans by the originating state bank to the
20 borrower.

21 d. Loans and extensions of credit to one borrower to the
22 extent secured by a segregated deposit account which the state
23 bank may lawfully set off. An amount held in a segregated
24 deposit account in the name of more than one customer shall be
25 counted only once with respect to all borrowers. Where the
26 deposit is eligible for withdrawal before the secured loan
27 matures, the state bank must establish internal procedures to
28 prevent release of the security without the state bank's prior
29 consent.

30 e. Loans and extensions of credit to one borrower which is
31 a bank.

32 f. Loans and extensions of credit to one borrower which
33 are fully secured by bonds and securities of the kind in which
34 a state bank is authorized to invest for its own account
35 without limitation under section 524.901, subsection 3.

1 g. Loans and extensions of credit to a federal reserve
2 bank or to the United States, or of any department, bureau,
3 board, commission, agency, or establishment of the United
4 States, or to any corporation owned directly or indirectly by
5 the United States, or loans and extensions of credit to one
6 borrower to the extent that such loans and extensions of
7 credit are fully secured or guaranteed or covered by
8 unconditional commitments or agreements to purchase by a
9 federal reserve bank or by the United States, or any
10 department, bureau, board, commission, agency, or
11 establishment of the United States, or any corporation owned
12 directly or indirectly by the United States. Loans and
13 extensions of credit to one borrower secured by a lease on
14 property under the terms of which the United States, or any
15 department, bureau, board, commission, agency, or
16 establishment of the United States, or any corporation owned
17 directly or indirectly by the United States, or the state of
18 Iowa, or any political subdivision of the state, is lessee and
19 under the terms of which the aggregate rentals payable to the
20 borrower will be sufficient to satisfy the amount loaned is
21 considered to be loans and extensions of credit secured or
22 guaranteed as provided for in this paragraph.

23 h. Loans and extensions of credit to one borrower as the
24 drawer of drafts drawn in good faith against actually existing
25 values in connection with a sale of goods which have been
26 endorsed by the borrower with recourse or which have been
27 accepted.

28 i. Loans and extensions of credit arising out of the
29 discount of commercial paper actually owned by a borrower
30 negotiating the same and endorsed by a borrower without
31 recourse and which is not subject to repurchase by a borrower.

32 j. Loans and extensions of credit drawn by a borrower in
33 good faith against actually existing values and secured by
34 nonnegotiable bills of lading for goods in process of
35 shipment.

1 k. Loans and extensions of credit in the form of
2 acceptances of other banks of the kind described in section
3 524.903, subsection 3.

4 1. Loans and extensions of credit of the borrower by
5 reason of acceptances by the state bank for the account of the
6 borrower pursuant to section 524.903, subsection 1.

7 Sec. 91. Section 524.908, Code 1995, is amended by
8 striking the section and inserting in lieu thereof the
9 following:

10 524.908 LEASING OF PERSONAL PROPERTY.

11 A state bank may make leases as authorized by rules adopted
12 by the superintendent under chapter 17A.

13 Sec. 92. NEW SECTION. 524.1009 SUCCESSION TO FIDUCIARY
14 ACCOUNTS AND APPOINTMENTS -- APPLICATION FOR APPOINTMENT OF
15 NEW FIDUCIARY.

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

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

32 3. Any person with an interest in an account held in a
33 fiduciary capacity by a party to a plan of merger may, within
34 sixty days after the effective date of the merger, apply to
35 the district court in the county in which the resulting state

1 or national bank has its principal place of business, for the
2 appointment of a new fiduciary to replace the resulting state
3 or national bank on the ground that the merger will adversely
4 affect the administration of the fiduciary account. The court
5 shall have the discretion to appoint a new fiduciary to
6 replace the resulting state or national bank if it should
7 find, upon hearing after notice to all interested parties,
8 that the merger will adversely affect the administration of
9 the fiduciary account and that the appointment of a new
10 fiduciary will be in the best interests of the beneficiaries
11 of the fiduciary account. This provision is in addition to
12 any other provision of law governing the removal of
13 fiduciaries and is subject to the terms upon which the party
14 to the plan which held the fiduciary account was designated as
15 fiduciary.

16 Sec. 93. Section 524.1102, Code 1995, is amended to read
17 as follows:

18 524.1102 LOANS AND OTHER TRANSACTIONS WITH AFFILIATES.

19 No A state bank shall not make any loan or any extension of
20 credit to, or purchase securities under repurchase agreement
21 from, any of its affiliates, or invest any of its funds in the
22 shares, bonds, capital securities, or other obligations of any
23 such an affiliate, or accept the shares, bonds, capital
24 securities, or other obligations of any-such an affiliate as
25 collateral security for advances made to any customer, if the
26 aggregate amount of such the loans, extensions of credit,
27 repurchase agreements, investments and advances against such
28 collateral security will exceed:

29 1. In the case of any one such affiliate, ten percent of
30 the aggregate capital and-surplus of the state bank. ~~However,~~
31 ~~a-state-bank-may-invest-its-funds-in-shares-of-a-bank-service~~
32 ~~corporation-pursuant-to-section-524-8037-subsection-17~~
33 ~~paragraph-f7-in-an-amount-up-to-twenty-percent-of-the-capital~~
34 ~~and-surplus-of-the-state-bank.~~

35 2. In the case of all such affiliates, twenty percent of

1 the aggregate capital and-surplus of such the state bank.

2 Within the foregoing limitations, each loan or extension of
3 credit of any kind or character to an affiliate shall be
4 secured by collateral in the form of shares of stock, bonds,
5 capital securities or other such obligations having a market
6 value at the time of making the loan or extension of credit of
7 at least twenty percent more than the amount of the loan or
8 extension of credit, or of at least ten percent more than the
9 amount of the loan or extension of credit if it is secured by
10 obligations of any state, or of any political subdivision or
11 agency of the state, or of at least one hundred percent of the
12 amount of the loan or extension of credit if it is secured by
13 a segregated~~,-~~earmarked deposit account with which the state
14 bank may set off.

15 A loan or extension of credit to a director, officer,
16 clerk, or other employee or any representative of any such
17 affiliate ~~shall-be~~ is deemed to be a loan to the affiliate to
18 the extent that the proceeds of such loan are used for the
19 benefit of, or transferred to, the affiliate.

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

28 For the purposes of this section, the terms "extension of
29 credit" and "extensions of credit" ~~shall-be~~ are deemed to
30 include any purchase of securities under a repurchase
31 agreement, other assets or obligations under a repurchase
32 agreement, and the discount of promissory notes, bills of
33 exchange, conditional sales contracts, or similar paper,
34 whether with or without recourse.

35 Sec. 94. Section 524.1103, Code 1995, is amended by adding

1 the following new subsection:

2 NEW SUBSECTION. 7. Which is an operations subsidiary or
3 other subsidiary in which the state bank owns or controls
4 eighty percent or more of the voting shares. However, an
5 operations subsidiary shall not conduct any activity at any
6 location where the state bank itself would not be permitted to
7 conduct that activity without the prior approval of the
8 superintendent.

9 Sec. 95. Section 524.1202, subsection 2, paragraph d, Code
10 1995, is amended to read as follows:

11 d. One such facility ~~that is located on the same property,~~
12 ~~or that is adjacent to or cornering upon the property on which~~
13 ~~an office of a bank is located, or that is separated from~~
14 ~~being adjacent to or cornering upon the property only by a~~
15 ~~street, alley, or other publicly owned right of way, may be~~
16 ~~found by the superintendent to be an integral part of that~~
17 ~~office location and not a separate bank office in the~~
18 proximity of a state bank's office may be found by the
19 superintendent to be an integral part of the bank office and
20 not a bank office within the meaning of this section. This
21 paragraph does not authorize more than one facility to be
22 found to be an integral part of a bank office.

23 Sec. 96. Section 524.1301, Code 1995, is amended by
24 striking the section and inserting in lieu thereof the
25 following:

26 524.1301 DISSOLUTION BY INCORPORATORS OR INITIAL
27 DIRECTORS.

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

- 34 1. The name of the state bank.
- 35 2. The date of its incorporation.

- 1 3. Either of the following:
- 2 a. That the state bank has not issued any shares.
- 3 b. That the state bank has not commenced business.
- 4 4. That no debt of the state bank remains unpaid.
- 5 5. If shares were issued, that the net assets of the state
- 6 bank remaining after the payment of all necessary expenses
- 7 have been distributed to the shareholders.
- 8 6. That a majority of the incorporators or initial
- 9 directors authorized the dissolution.

10 Sec. 97. Section 524.1303, Code 1995, is amended to read
11 as follows:

12 524.1303 VOLUNTARY DISSOLUTION AFTER COMMENCEMENT OF
13 BUSINESS.

14 1. A state bank which has commenced business may propose
15 to voluntarily dissolve upon the affirmative vote of the
16 holders of at least ~~three-fourths~~ a majority of the shares
17 entitled to vote ~~thereon~~ on the voluntary dissolution,
18 adopting a plan of dissolution involving both a provision for
19 acquisition of its assets and assumption of its liabilities by
20 another state bank, or national bank, or other financial
21 institution insured by the federal deposit insurance
22 corporation and a provision for continuance of its business if
23 acquisition of its assets and assumption of its liabilities is
24 not effected, or any other plan of dissolution providing for
25 full payment of its liabilities.

26 2. Upon ~~receipt~~ acceptance for processing of an
27 application for approval of a plan of dissolution on forms
28 prescribed by the superintendent, the superintendent shall
29 conduct such investigation as the superintendent may deem
30 necessary to determine whether the plan adequately protects
31 the interests of depositors, other creditors and shareholders
32 and, if the plan involves an acquisition of assets and
33 assumption of liabilities by another state bank, whether such
34 acquisition and assumption would be consistent with adequate
35 and sound banking and in the public interest, on the basis of

1 factors substantially similar to those set forth in section
2 524.1403, subsection 1, paragraph "d". Within ninety days
3 after receipt of the application, the superintendent shall
4 approve or disapprove the application on the basis of the
5 superintendent's investigation. Before receiving the decision
6 of the superintendent with respect to the pending application,
7 the applying state bank shall, upon notice, reimburse the
8 superintendent to the extent of the expenses incurred by the
9 superintendent in connection with the application. Thereafter
10 the superintendent shall give to the applying state bank
11 written notice of the superintendent's decision, and in the
12 event of disapproval, a statement of the reasons for the
13 decision. The decision of the superintendent shall be subject
14 to judicial review in accordance with the terms of the Iowa
15 administrative procedure Act.

16 3. When a state bank has proposed to dissolve by adopting
17 a plan of dissolution involving a provision for acquisition of
18 its assets and assumption of its liabilities by another state
19 bank, the dissolving bank shall publish Within thirty days
20 after the application for dissolution involving a provision of
21 acquisition of the state bank's assets and assumption of its
22 liabilities by another state bank is accepted for processing,
23 the dissolving bank shall publish once each week for two
24 consecutive weeks a notice of the proposed transaction. The
25 notice shall be published ~~once each week for two successive~~
26 ~~weeks~~ in a newspaper of general circulation published in the
27 municipal corporation or unincorporated area in which the
28 dissolving bank has its principal place of business, and in
29 the municipal corporation or unincorporated area in which the
30 acquiring state bank has its principal place of business, or
31 if there is none, a newspaper of general circulation published
32 in the county or counties, or in a county adjoining the county
33 or counties, in which the dissolving bank and the acquiring
34 bank have their principal place of business. The publication
35 of notice shall be made within thirty days after making

1 application-to-the-superintendent-for-approval-of-the-plan-of
2 dissolution, and proof of publication of the notice shall be
3 delivered to the superintendent. -- The notice shall set forth
4 the name of the dissolving state bank and of the acquiring
5 state bank, the location and post office address of the
6 principal place of business of the dissolving state bank and
7 of the acquiring state bank and of each office to be
8 maintained by the acquiring state bank and a brief statement
9 of the nature of the proposed transaction. -- Prior to making a
10 determination on the pending application, the superintendent
11 shall give adequate notice of the pending application, and may
12 afford all interested parties an opportunity for a
13 stenographically reported hearing during which such parties
14 shall be allowed to present evidence in support of, or in
15 opposition to, the pending application. The notice shall be
16 on forms provided by the superintendent, and proof of
17 publication of the notice shall be delivered to the
18 superintendent.

19 The superintendent shall conduct such hearing if any
20 interested person files an objection to the pending
21 application and requests a hearing. -- If the superintendent
22 finds that the superintendent must act immediately on the
23 pending application in order to protect the interests of
24 depositors or the assets of the dissolving bank, the
25 superintendent may proceed without requiring publication of
26 the notice referred to in this subsection.

27 4. Within thirty days after the date of the second
28 publication of the notice, any interested person may submit to
29 the superintendent written comments and data on the
30 application. The superintendent may extend the thirty-day
31 comment period if, in the superintendent's judgment,
32 extenuating circumstances exist.

33 5. Within thirty days after the date of the second
34 publication of the notice, any interested person may submit to
35 the superintendent a written request for a hearing on the

1 application. The request shall state the nature of the issues
2 or facts to be presented and the reasons why written
3 submissions would be insufficient to make an adequate
4 presentation to the superintendent. If the reasons are
5 related to factual disputes, the disputes shall be described.
6 Comments challenging the legality of an application shall be
7 submitted separately in writing and shall not be considered at
8 a hearing conducted pursuant to this section. Written
9 requests for hearings shall be evaluated by the
10 superintendent, who may grant or deny such requests in whole
11 or in part. A hearing request shall generally be granted only
12 if it is determined that written submissions would be
13 inadequate or that a hearing would otherwise be beneficial to
14 the decision-making process. A hearing may be limited to
15 issues considered material by the superintendent.

16 6. If a request for a hearing has been made and denied,
17 the superintendent shall notify the applicant and all
18 interested persons and shall state the reasons for the denial.
19 Interested persons may submit to the superintendent, with
20 simultaneous copies to the applicant, additional written
21 comments or information on the application within fourteen
22 days after the date of the notice of denial. The applicant
23 shall be provided an additional seven days, after the
24 fourteen-day deadline has expired, within which to respond to
25 any comments submitted within the fourteen-day period. The
26 superintendent may waive this seven-day period upon request by
27 the applicant. A copy of any response submitted by the
28 applicant shall also be mailed simultaneously by the applicant
29 to the interested persons.

30 Sec. 98. Section 524.1304, Code 1995, is amended by
31 striking the section and inserting in lieu thereof the
32 following:

33 524.1304 VOLUNTARY DISSOLUTION -- APPROVAL.

34 1. Within ninety days after acceptance of the application
35 for processing, the superintendent shall approve or disapprove

1 the application for voluntary dissolution on the basis of the
2 superintendent's investigation. As a condition of receiving
3 the decision of the superintendent with respect to the
4 application, the applying state bank shall reimburse the
5 superintendent for all expenses incurred by the superintendent
6 in connection with the application. The superintendent shall
7 give to the applying state bank written notice of the
8 superintendent's decision. The decision of the superintendent
9 shall be subject to judicial review pursuant to chapter 17A.

10 2. Upon approval of the plan of voluntary dissolution by
11 the superintendent, the superintendent shall file with the
12 secretary of state articles of dissolution prepared by the
13 applicant in conformance with section 524.1304A. Upon filing
14 of the articles of dissolution with the secretary of state,
15 the state bank shall cease to accept deposits or carry on its
16 business, except insofar as may be necessary for the proper
17 winding up of the business of the state bank in accordance
18 with the approved plan of dissolution.

19 3. If applicable state or federal laws require approval by
20 an appropriate state or federal agency, the superintendent may
21 withhold delivery of the approved articles of dissolution
22 until the superintendent receives notice of the decision of
23 such agency. If the final approval of the agency is not given
24 within six months of the superintendent's approval, then the
25 superintendent shall notify the applying state bank that the
26 approval of the superintendent has been rescinded for that
27 reason.

28 Sec. 99. NEW SECTION. 524.1304A ARTICLES OF DISSOLUTION.

29 1. At any time after the dissolution of a state bank is
30 authorized, the state bank may dissolve by delivering to the
31 superintendent for filing with the secretary of state articles
32 of dissolution setting forth all of the following:

- 33 a. The name of the state bank.
- 34 b. The date dissolution was authorized.
- 35 c. The number of votes entitled to be cast by the

1 shareholders on the proposal to dissolve.

2 d. The total number of shareholder votes cast for and
3 against dissolution, or the total number of undisputed votes
4 cast for dissolution and a statement that the number cast for
5 dissolution was sufficient for approval.

6 e. If voting by voting groups was required, the
7 information required by paragraphs "c" and "d" must be
8 separately provided for each voting group entitled to vote
9 separately on the plan to dissolve.

10 f. That all debts, obligations, and liabilities of the
11 state bank will be paid or otherwise discharged or that
12 adequate provision will be made for such discharge.

13 g. That all the remaining property and assets of the state
14 bank will be distributed among its shareholders in accordance
15 with their respective rights and interests.

16 h. That there are no legal actions pending against the
17 state bank in any court or that adequate provision has been
18 made for the satisfaction of any judgment, order, or decree
19 which may be entered against it in any pending legal action.

20 2. A state bank is dissolved upon the effective date of
21 its articles of dissolution.

22 Sec. 100. Section 524.1305, subsections 1, 2, and 3, Code
23 1995, are amended to read as follows:

24 1. The board of directors shall have full power to wind up
25 and settle the affairs of a state bank in voluntary
26 dissolution proceedings, including the power to do all of the
27 following:

28 a. Collecting the assets of the state bank.

29 b. Disposing of its properties that will not be
30 distributed in kind to its shareholders.

31 c. Discharging or making provision for discharging its
32 liabilities.

33 d. Distributing its remaining property among its
34 shareholders according to their interests.

35 e. Doing every other act necessary to wind up and

1 liquidate its business and affairs.

2 1A. Dissolution of a state bank does not result in any of
3 the following:

4 a. Transferring title to the state bank's property.

5 b. Preventing transfer of its shares or securities,

6 although the authorization to dissolve may provide for closing
7 the state bank's share transfer records.

8 c. Subjecting its directors or officers to standards of
9 conduct different from those prescribed by this chapter prior
10 to dissolution.

11 d. Changing quorum or voting requirements for its board of
12 directors or shareholders; changing provisions for selection,
13 resignation, or removal of its directors or officers or both;
14 or changing provisions for amending its bylaws.

15 e. Preventing commencement of a proceeding by or against
16 the state bank in its name.

17 f. Abating or suspending a proceeding pending by or
18 against the state bank on the effective date of dissolution.

19 2. Within thirty days after ~~the-issuance-by~~ filing of the
20 articles of dissolution with the secretary of state of-an
21 approved-copy-of-the-statement-of-intent-to-dissolve, the
22 state bank shall give notice of its dissolution:

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

34 b. By mail to each lessee of a safe-deposit box and each
35 customer for whom property is held in safekeeping, ~~except~~

1 those as to whom the liability of the state bank has been
2 assumed by another ~~state-bank-or-national-bank~~ financial
3 institution insured by the federal deposit insurance
4 corporation pursuant to the plan), at their last known address
5 of record as shown upon the books of the state bank, including
6 a demand that all property held in a safe-deposit box or held
7 in safekeeping by the state bank be withdrawn by the person
8 entitled ~~thereto~~ to the property before a specified date which
9 is at least ninety days after the date of the notice.

10 c. By mail to each person, at the person's last known
11 address as shown upon the books of the state bank, interested
12 in funds held in a fiduciary account or other representative
13 capacity.

14 d. By a conspicuous posting at each office of the state
15 bank.

16 e. By such publication as the superintendent may
17 prescribe.

18 3. As soon after the ~~issuance-of-an-approved-statement-of~~
19 ~~intent-to-dissolve~~ approval of the plan of dissolution and the
20 filing of the articles of dissolution as feasible, the state
21 bank shall resign all fiduciary appointments and take such
22 action as may be necessary to settle its fiduciary accounts.

23 Sec. 101. Section 524.1306, subsection 1, Code 1995, is
24 amended to read as follows:

25 1. A state bank may, at any time prior to the ~~issuance-of~~
26 ~~the-approved-copy-of-the-statement-of-intent-to-dissolve-by~~
27 filing of the articles of dissolution with the secretary of
28 state, revoke voluntary dissolution proceedings as provided
29 for in section 490.1404.

30 Sec. 102. NEW SECTION. 524.1308A KNOWN CLAIMS AGAINST
31 DISSOLVED STATE BANK.

32 1. A dissolved state bank may dispose of the known claims
33 against it pursuant to this section.

34 2. The dissolved state bank shall notify its known
35 claimants in writing of the dissolution at any time after the

1 effective date of the dissolution. The written notice must
2 include all of the following:

3 a. A description of information that must be included in a
4 claim.

5 b. The mailing address where a claim may be sent.

6 c. The deadline for submitting a claim, which may not be
7 fewer than one hundred twenty days from the effective date of
8 the written notice, by which the dissolved state bank must
9 receive the claim.

10 d. A statement that the claim will be barred if not
11 received by the deadline.

12 3. A claim against the dissolved state bank is barred if
13 either of the following occur:

14 a. A claimant who was given written notice under
15 subsection 2 does not deliver the claim to the dissolved state
16 bank by the deadline.

17 b. A claimant whose claim was rejected by the dissolved
18 state bank does not commence a proceeding to enforce the claim
19 within ninety days from the effective date of the rejection
20 notice.

21 4. For purposes of this section, "claim" does not include
22 a contingent liability or a claim based upon an event
23 occurring after the effective date of dissolution.

24 Sec. 103. NEW SECTION. 524.1308B UNKNOWN CLAIMS AGAINST
25 DISSOLVED STATE BANK.

26 1. A dissolved state bank may publish notice of its
27 dissolution and request that persons with claims against the
28 state bank present them in accordance with the notice.

29 2. A notice made pursuant to this section must satisfy all
30 of the following requirements:

31 a. Be published at least once in a newspaper of general
32 circulation in the county where the dissolved state bank's
33 principal office is located.

34 b. Include a description of the information that must be
35 included in a claim and provide a mailing address where the

1 claim may be sent.

2 c. Include a statement that a claim against the state bank
3 will be barred unless a proceeding to enforce the claim is
4 commenced within two years after the publication of the
5 notice.

6 3. If the dissolved state bank publishes a newspaper
7 notice pursuant to subsection 2, the claim of each of the
8 following claimants is barred unless the claimant commences a
9 proceeding to enforce the claim against the dissolved state
10 bank within two years after the publication date of the
11 newspaper notice:

12 a. A claimant who did not receive written notice under
13 section 524.1308A.

14 b. A claimant whose claim was timely sent to the dissolved
15 state bank but not acted on.

16 c. A claimant whose claim is contingent or based on an
17 event occurring after the effective date of dissolution.

18 4. A claim may be enforced under this section as follows:

19 a. Against the dissolved state bank, to the extent of its
20 undistributed assets.

21 b. If the assets have been distributed in liquidation,
22 against a shareholder of the dissolved state bank to the
23 extent of the shareholder's pro rata share of the claim or the
24 state bank's assets distributed to the shareholder in
25 liquidation, whichever is less, but a shareholder's total
26 liability for all claims under this section shall not exceed
27 the total amount of assets distributed to the shareholder in
28 liquidation.

29 Sec. 104. Section 524.1309, unnumbered paragraph 1, Code
30 1995, is amended to read as follows:

31 In lieu of the dissolution procedure prescribed in sections
32 524.1303 to ~~524.1308~~ 524.1306, a state bank may cease to carry
33 on the business of banking and, after compliance with this
34 section, continue as a corporation subject to chapter 490.

35 Sec. 105. Section 524.1309, subsections 1, 3, 4, 5, and

1 10, Code 1995, are amended to read as follows:

2 1. A state bank which has commenced business may propose
3 to voluntarily cease to carry on the business of banking and
4 become a corporation subject to chapter 490 upon the
5 affirmative vote of the holders of at least three-fourths a
6 majority of the shares entitled to vote thereon on such
7 proposal, adopting a plan involving both a provision for
8 acquisition of its assets and assumption of its liabilities by
9 another state bank, or national bank, or other financial
10 institution insured by the federal deposit insurance
11 corporation, and a provision for continuance of its business
12 if acquisition of its assets and assumption of its liabilities
13 is not effected, or any other plan providing for the cessation
14 of banking business and the payment of its liabilities.

15 3. Immediately upon adoption and approval of a plan to
16 voluntarily cease to carry on the business of banking and
17 become a corporation subject to chapter 490, the state bank
18 shall deliver to the superintendent a ~~statement-of-its-intent~~
19 plan to cease to carry on the business of banking and become a
20 corporation subject to chapter 490, which shall be signed by
21 two of its duly authorized officers and shall contain the name
22 of the state bank, the post office address of its principal
23 place of business, the name and address of its officers and
24 directors, the number of shares entitled to vote on the plan
25 and the number of shares voted for or against the plan,
26 respectively, the nature of the business to be conducted by
27 the corporation under chapter 490, and the general nature of
28 the assets to be held by the corporation.

29 ~~4. If-the-statement-of-intent-to-cease-to-carry-on-the~~
30 ~~business-of-banking-and-become-a-corporation-subject-to~~
31 ~~chapter-490-satisfies-the-requirements-of-this-section,-the~~
32 ~~superintendent-shall-deliver-the-statement-with-written~~
33 ~~approval-to-the-secretary-of-state-who-shall-issue-to-the~~
34 ~~state-bank-an-approved-copy-of-the-statement.~~ Upon the
35 ~~issuance-of-an-approved-copy-of-the-statement-of-intent~~

1 approval of the plan by the superintendent, the state bank
2 shall immediately surrender to the superintendent its
3 authorization to do business as a bank and shall cease to
4 accept deposits ~~or~~ and carry on the banking business except
5 insofar as may be necessary for it to complete the settlement
6 of its affairs as a state bank in accordance with subsection
7 5.

8 5. The board of directors has full power to complete the
9 settlement of the affairs of the state bank. Within thirty
10 days after ~~the issuance of an approved copy of the statement~~
11 ~~of intent to cease to carry on~~ approval by the superintendent
12 of the plan to cease the business of banking and become a
13 corporation subject to chapter 490, the state bank shall give
14 notice of its intent to persons ~~described in subsection 2 of~~
15 identified in section 524.1305 and, subsection 3, in the
16 manner provided for in that subsection. In completing the
17 settlement of its affairs as a state bank the state bank shall
18 also follow the procedure prescribed in ~~subsections 3, 4, and 5~~
19 of section 524.1305, subsections 3, 4, and 5.

20 10. A state bank ~~may~~, at any time prior to the ~~issuance of~~
21 ~~the approved copy of the statement of intent to cease to carry~~
22 ~~on the business of banking and become a corporation~~ approval
23 of the articles of intent to become subject to chapter 490,
24 may revoke the proceedings in the manner prescribed by section
25 524.1306.

26 Sec. 106. Section 524.1309, subsection 6, Code 1995, is
27 amended by striking the subsection.

28 Sec. 107. Section 524.1314, subsection 2, Code 1995, is
29 amended to read as follows:

30 2. Subsequent to the dissolution of a state bank, other
31 than through the adoption of a plan involving a provision for
32 acquisition of its assets and assumption of its liabilities by
33 another state ~~or~~ bank, national bank, or other financial
34 institution insured by the federal deposit insurance
35 corporation, the superintendent ~~shall~~ may assume custody of

1 the records of the state bank and, if so, shall retain them in
2 accordance with the provisions of section 524.221. The
3 superintendent may make copies of such records in accordance
4 with the provisions of ~~subsection 1 of~~ section 524.221,
5 subsection 1.

6 Sec. 108. Section 524.1401, Code 1995, is amended to read
7 as follows:

8 524.1401 AUTHORITY TO MERGE OR CONSOLIDATE.

9 1. Upon compliance with the requirements of this chapter,
10 one or more state banks, ~~or~~ one or more national banks, one or
11 more state associations, one or more federal associations, one
12 or more corporations, or any combination of state and national
13 banks, may merge or consolidate into a national bank or these
14 entities, with the approval of the superintendent, may merge
15 into a state bank ~~or consolidate into a new state bank.~~

16 2. Upon compliance with the requirements of this chapter,
17 one or more state banks may merge into a national bank. The
18 authority of a state bank to merge ~~or consolidate~~ into a
19 national bank ~~shall be~~ is subject to the condition that at the
20 time of the transaction the laws of the United States shall
21 authorize a national bank located in this state, without
22 approval by the comptroller of the currency of the United
23 States, to merge ~~or consolidate~~ into a state bank under
24 limitations no more restrictive than those contained in this
25 chapter with respect to the merger ~~or consolidation~~ of a state
26 bank into a national bank.

27 3. Upon compliance with the requirements of this chapter
28 and chapter 534, one or more state banks may merge with one or
29 more state associations or federal associations. The
30 authority of a state bank to merge into a state or federal
31 association is subject to the conditions the laws of the
32 United States authorize at the time of the transaction.

33 4. As used in this section, the term "merger" or "merge"
34 means any plan by which the assets and liabilities of an
35 entity are combined with those of one or more other entities,

1 including transactions in which one of the corporate entities
2 survives and transactions in which a new corporate entity is
3 created.

4 Sec. 109. Section 524.1402, Code 1995, is amended to read
5 as follows:

6 524.1402 REQUIREMENTS FOR A MERGER OR-CONSOLIDATION.

7 The requirements for a merger or-consolidation which must
8 be satisfied by the parties thereto to the merger are as
9 follows:

10 1. The parties shall adopt a plan stating all of the
11 following:

12 a. The names of the banks parties proposing to merge or
13 consolidate and the name of the bank into which they propose
14 to merge, which is the "resulting bank".

15 b. The terms and conditions of the proposed merger or-con-
16 solidation.

17 c. The manner and basis of the converting of the shares of
18 each bank party into shares, obligations, or other securities
19 of the resulting bank or of any other corporation, or, in
20 whole or in part, into cash or other property.

21 d. The rights of the shareholders of each of the parties.

22 e. An agreement concerning the merger or-consolidation.

23 f. Such other provisions with respect to the proposed
24 merger or-consolidation which are deemed necessary or desir-
25 able.

26 2. In the case of a state bank which is a party to the
27 plan, if the proposed merger or-consolidation will result in a
28 state bank subject to this chapter, adoption of the plan by
29 such state bank ~~shall-require~~ requires the affirmative vote of
30 at least a majority of the directors and approval by the
31 shareholders, in the manner and according to the procedures
32 prescribed in section 490.1103, at a meeting called in
33 accordance with the terms of that section. In the case of a
34 national bank, or if the proposed merger or-consolidation will
35 result in a national bank, adoption of the plan by each party

1 ~~thereto~~ to the merger shall require the affirmative vote of at
2 least such directors and shareholders whose affirmative vote
3 ~~thereon~~ on the plan is required under the laws of the United
4 States. Subject to applicable requirements of the laws of the
5 United States in a case in which a national bank is a party to
6 a plan, any modification of a plan which has been adopted
7 shall be made by any method provided ~~therein~~ in the plan, or
8 in the absence of such provision, by the same vote as required
9 for adoption.

10 3. If a proposed merger ~~or-consolidation~~ will result in a
11 state bank, application for the required approval by the
12 superintendent shall be made in the manner prescribed by the
13 superintendent. There shall also be delivered to the
14 superintendent, when available, the following:

15 a. Articles of merger ~~or-consolidation~~.

16 b. Applicable fees payable to the secretary of state, as
17 specified in section 490.122, for the filing and recording of
18 the articles of merger ~~or-consolidation~~.

19 c. If there is any modification of the plan at any time
20 prior to the approval by the superintendent under section
21 524.1403, an amendment of the application and, if necessary,
22 of the articles of merger ~~or-consolidation~~, signed in the same
23 manner as the originals, setting forth the modification of the
24 plan, the method by which ~~such~~ the modification was adopted
25 and any related change in the provisions of the articles of
26 merger ~~or-consolidation~~.

27 d. Proof of publication of the notice required by
28 subsection 4 ~~of-this-section~~.

29 4. If a proposed merger ~~or-consolidation~~ will result in a
30 state bank, within thirty days after the application for
31 merger is accepted for processing, the parties to the plan
32 shall publish, once each week for two consecutive weeks, a
33 notice of the proposed transaction. The notices shall be
34 published in a newspaper of general circulation published in a
35 the municipal corporation or unincorporated area in which each

1 party to the plan has its principal place of business, and in
2 the case of a consolidation, in which the resulting state bank
3 is to have its principal place of business, or if there is
4 none, in a newspaper of general circulation published in the
5 county, or in a county adjoining the county, in which each
6 party to the plan has its principal place of business and, in
7 the case of a consolidation, in which the resulting state bank
8 is to have its principal place of business. The notice shall
9 be published once each week for two successive weeks, within
10 thirty days after making application to the superintendent for
11 approval of the plan. The notice shall be on forms prescribed
12 by the superintendent and shall set forth the names of the
13 parties to the plan and the resulting state bank, the location
14 and post office address of the principal place of business of
15 the resulting state bank and of each office to be maintained
16 by the resulting state bank, and the purpose or purposes of
17 the resulting state bank, and the date of delivery of the
18 articles of merger and consolidation to the superintendent.

19 4A. Within thirty days after the date of the second
20 publication of the notice required under subsection 4, any
21 interested person may submit to the superintendent written
22 comments and data on the application. Comments challenging
23 the legality of an application shall be submitted separately
24 in writing. The superintendent may extend the thirty-day
25 comment period if, in the superintendent's judgment,
26 extenuating circumstances exist.

27 4B. Within thirty days after the date of the second
28 publication of the notice required under subsection 4, any
29 interested person may submit to the superintendent a written
30 request for a hearing on the application. The request shall
31 state the nature of the issues or facts to be presented and
32 the reasons why written submissions would be insufficient to
33 make an adequate presentation to the superintendent. If the
34 reasons are related to factual disputes, the disputes shall be
35 described. Written requests for hearings shall be evaluated

1 by the superintendent, who may grant or deny such requests in
2 whole or in part. A hearing request shall generally be
3 granted only if it is determined that written submissions
4 would be inadequate or that a hearing would otherwise be
5 beneficial to the decision-making process. A hearing may be
6 limited to issues considered material by the superintendent.

7 4C. If a request for a hearing is denied, the
8 superintendent shall notify the applicant and all interested
9 persons and shall state the reasons for the denial.
10 Interested persons may submit to the superintendent, with
11 simultaneous copies to the applicant, additional written
12 comments or data on the application within fourteen days after
13 the date of the notice of denial. The applicant shall be
14 provided an additional seven days, after the fourteen-day
15 deadline has expired, within which to respond to any comments
16 submitted within the fourteen-day period. The superintendent
17 may waive this seven-day period upon request by the applicant.
18 A copy of any response submitted by the applicant shall also
19 be mailed simultaneously by the applicant to the interested
20 persons.

21 5. The articles of merger or consolidation shall be signed
22 by two duly authorized officers of each party to the plan and
23 shall contain all of the following:

24 a. The names of the parties to the plan, and of the
25 resulting state bank.

26 b. The location and the post office address of the
27 principal place of business of each party to the plan, and of
28 each additional office maintained by the parties to the plan,
29 and the location and post office address of the principal
30 place of business of the resulting state bank, and of each
31 additional office to be maintained by the resulting state
32 bank.

33 c. The votes by which the plan was adopted, and the time
34 date and place of each meeting in connection with such
35 adoption.

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

5 e. ~~In-the-case-of-a-merger, any~~ Any amendment of the
6 articles of incorporation of the resulting state bank.

7 ~~f.---In-the-case-of-a-consolidation, the-provisions-required~~
8 ~~in-the-articles-of-incorporation-of-a-state-bank-by-section~~
9 ~~524.302, subsections 3 to 7.~~

10 ~~g. f.~~ The plan of merger ~~or-consolidation~~.

11 6. If a proposed merger ~~or-consolidation~~ will result in a
12 national bank, a state bank which is a party to the plan shall
13 do all of the following:

14 a. Notify the superintendent of the proposed merger ~~or~~
15 ~~consolidation~~.

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

18 c. Notify the superintendent of any abandonment or
19 disapproval of the plan.

20 d. File with the superintendent and with the secretary of
21 state ~~a-certificate~~ evidence of approval of the merger ~~or~~
22 ~~consolidation~~ by the comptroller of the currency of the United
23 States.

24 e. Notify the superintendent of the date upon which ~~such~~
25 the merger or-consolidation is to become effective.

26 Sec. 110. Section 524.1403, Code 1995, is amended to read
27 as follows:

28 524.1403 APPROVAL OF MERGER ~~OR-CONSOLIDATION~~ BY
29 SUPERINTENDENT.

30 1. Upon receipt of an application for approval of a merger
31 ~~or-consolidation~~ and of the supporting items required by
32 section 524.1402, subsection 3, the superintendent shall
33 conduct such investigation as the superintendent deems
34 necessary to ascertain whether the following:

35 a. The articles of merger ~~or-consolidation~~ and supporting

1 items satisfy the requirements of this chapter.

2 b. The plan and any modification thereof of the plan
3 adequately protects the interests of depositors, other
4 creditors and shareholders.

5 c. The requirements for a merger ~~or-consolidation~~ under
6 all applicable laws have been satisfied and the resulting
7 state bank would satisfy the requirements of this chapter with
8 respect to it.

9 d. The merger ~~or-consolidation~~ would be consistent with
10 adequate and sound banking and in the public interest on the
11 basis of the financial history and condition of the parties to
12 the plan, including the adequacy of the capital structure of
13 the resulting state bank, the character of the management of
14 the resulting state bank, the potential effect of the merger
15 ~~or-consolidation~~ on competition, and the convenience and needs
16 of the area primarily to be served by the resulting state
17 bank.

18 2. Within one hundred eighty days after receipt acceptance
19 of the application for processing, or within an additional
20 period of not more than sixty days after receipt of an
21 amendment of the application, the superintendent shall
22 ~~determine-whether-to~~ approve or disapprove the application on
23 the basis of the investigation. The plan shall not be
24 modified at any time after approval of the application by the
25 superintendent. ~~Prior-to-making-a-determination-on-the~~
26 ~~pending-application-the-superintendent-shall-give-adequate~~
27 ~~notice-of-the-pending-application,-and-may-afford-all~~
28 ~~interested-persons-an-opportunity-for-a-stenographically~~
29 ~~reported-hearing-during-which-such-persons-shall-be-allowed-to~~
30 ~~present-evidence-in-support-of,-or-in-opposition-to,-the~~
31 ~~pending-application.~~

32 ~~The-superintendent-shall-conduct-such-hearing-if-any~~
33 ~~interested-person-files-an-objection-to-the-pending~~
34 ~~application-and-requests-a-hearing.~~ If the superintendent
35 finds that the superintendent must act immediately on the

1 pending application in order to protect the interests of
2 depositors or the assets of any party to the plan, the
3 superintendent may proceed without requiring publication of
4 the notice ~~referred-to-in-this-subsection~~ required under
5 section 524.1402, subsection 4. ~~Before~~ As a condition of
6 receiving the decision of the superintendent with respect to
7 the pending application, the parties to the plan shall ~~upon~~
8 ~~notice,~~ reimburse the superintendent ~~to-the-extent-of~~ for all
9 the expenses incurred in connection with the application.
10 ~~Thereafter-the~~ The superintendent shall give to the parties to
11 the plan written notice of the decision and, in the event of
12 disapproval, a statement of the reasons for the decision. The
13 decision of the superintendent shall be subject to judicial
14 review ~~in-accordance-with~~ pursuant to chapter 17A.

15 Sec. 111. Section 524.1404, Code 1995, is amended to read
16 as follows:

17 524.1404 PROCEDURE AFTER APPROVAL BY THE SUPERINTENDENT --
18 ISSUANCE OF CERTIFICATE OF MERGER OR CONSOLIDATION.

19 If the applicable state or federal laws ~~of-the-United~~
20 ~~States~~ require the approval of the merger ~~or-consolidation~~ by
21 any a federal or state agency, the superintendent shall ~~after~~
22 ~~the-superintendent's-approval,~~ retain-the may withhold
23 delivery of the approved articles of merger ~~or-consolidation~~
24 until the superintendent receives notice of the decision of
25 such agency. If the final approval of the agency is not given
26 within six months of the superintendent's approval, the
27 superintendent shall notify the parties to the plan that the
28 approval of the superintendent has been rescinded for that
29 reason. If such agency gives its approval, the superintendent
30 shall deliver the articles of merger ~~or-consolidation,~~ with
31 the superintendent's approval indicated thereon on the
32 articles, to the secretary of state, and shall notify the
33 parties to the plan. The receipt of the approved articles of
34 merger ~~or-consolidation~~ by the secretary of state shall
35 ~~constitute~~ constitutes filing thereof of the articles of

1 merger with that office. The secretary of state shall record
2 the articles of merger ~~or consolidation in the secretary of~~
3 ~~state's office~~, and the same articles shall be filed and
4 recorded in the office of the county recorder in each county
5 in which the parties to the plan had previously maintained a
6 principal place of business ~~and, in the case of a~~
7 ~~consolidation, in the county in which the new state bank is to~~
8 ~~maintain its principal place of business~~. On the date upon
9 which the merger ~~or consolidation~~ is effective the secretary
10 of state shall issue a certificate of merger ~~or consolidation~~
11 and send the same to the resulting state bank and a copy
12 thereof of the certificate of merger to the superintendent.

13 Sec. 112. Section 524.1405, subsection 1, Code 1995, is
14 amended to read as follows:

15 1. The merger ~~or consolidation shall be~~ is effective upon
16 the filing of the articles of merger ~~or consolidation~~ with the
17 secretary of state, or at any later date and time as specified
18 ~~by the superintendent in writing on~~ the articles of merger ~~or~~
19 ~~consolidation~~. The certificate of merger ~~or consolidation~~
20 ~~shall be~~ is conclusive evidence of the performance of all
21 conditions precedent to the merger ~~or consolidation~~, and of
22 the existence or creation of the resulting state bank, except
23 as against the state.

24 Sec. 113. Section 524.1405, subsections 2 and 3, Code
25 1995, are amended by striking the subsections and inserting in
26 lieu thereof the following:

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

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

32 b. The title to all real estate and other property owned
33 by each party to the merger is vested in the surviving party
34 without reversion or impairment.

35 c. The surviving party has all liabilities of each party

1 to the merger.

2 d. A proceeding pending against any party to the merger
3 may be continued as if the merger did not occur or the
4 surviving party may be substituted in the proceeding for the
5 party whose existence ceased.

6 e. The articles of incorporation of the surviving party
7 are amended to the extent provided in the articles of merger.

8 f. The shares of each party to the merger that are to be
9 converted into shares, obligations, or other securities of the
10 surviving party or any other corporation or into cash or other
11 property are converted, and the former holders of the shares
12 are entitled only to the rights provided in the articles of
13 merger or to their rights under division XIII of this chapter.

14 Sec. 114. Section 524.1406, Code 1995, is amended to read
15 as follows:

16 524.1406 RIGHTS OF DISSENTING SHAREHOLDERS.

17 1. A shareholder of a state bank, which is a party to a
18 proposed merger ~~or-consolidation~~ plan which will result in a
19 state bank subject to this chapter, who objects to the plan is
20 entitled to the rights and remedies of a dissenting
21 shareholder as provided in chapter 490, division XIII. Shares
22 ~~acquired-by-a-state-bank-pursuant-to-payment-of-their-agreed~~
23 ~~value-or-to-payment-of-the-judgment-entered-therefor,-pursuant~~
24 ~~to-chapter-490,-division-XIII,-shall-be-sold-at-public-or~~
25 ~~private-sale,-within-one-year-from-the-time-of-their-purchase~~
26 ~~or-acquisition,-unless-the-time-is-extended-by-the~~
27 ~~superintendent.~~

28 2. If a shareholder of a national bank which is a party to
29 a proposed merger ~~or-consolidation~~ plan which will result in a
30 state bank, or a shareholder of a state bank which is a party
31 to a plan which will result in a national bank, ~~shall-object~~
32 objects to the plan and ~~shall-comply~~ complies with the
33 requirements of the applicable laws of the United States, the
34 resulting state bank or national bank, as the case may be,
35 ~~shall-be~~ is liable for the value of the shareholder's shares

1 as determined in accordance with such laws of the United
2 States. ~~Shares-acquired-by-a-state-bank-pursuant-to-this~~
3 ~~subsection-shall-be-sold-at-public-or-private-sale-within-one~~
4 ~~year-from-the-time-of-their-purchase-or-acquisition,-unless~~
5 ~~the-time-is-extended-by-the-superintendent.~~

6 Sec. 115. Section 524.1408, Code 1995, is amended to read
7 as follows:

8 524.1408 MERGER OF CORPORATION SUBSTANTIALLY OWNED BY A
9 STATE BANK.

10 A state bank owning at least ninety-five ninety percent of
11 the outstanding shares, of each class, of another corporation
12 which it is authorized to own under this chapter, may merge
13 the other corporation into itself without approval by a vote
14 of the shareholders of either the state bank or the subsidiary
15 corporation. The board of directors of the state bank shall
16 approve a plan of merger, mail to shareholders of record of
17 the subsidiary corporation, and prepare and execute articles
18 of merger in the manner provided for in section 490.1104. The
19 articles of merger, together with the applicable filing and
20 recording fees, shall be delivered to the superintendent who
21 shall, if the superintendent approves of the proposed merger
22 and if the superintendent finds the articles of merger satisfy
23 the requirements of this section, deliver them to the
24 secretary of state for filing and recording in the secretary
25 of state's office, and they shall be filed in the office of
26 the county recorder. The secretary of state upon filing the
27 articles of merger shall issue a certificate of merger and
28 send the certificate to the state bank and a copy of it to the
29 superintendent.

30 Sec. 116. Section 524.1411, subsections 3 and 5, Code
31 1995, are amended to read as follows:

32 3. The votes by which the plan of conversion was adopted
33 and the ~~time~~ date and place of each meeting in connection with
34 the adoption.

35 5. The provisions required in the articles of

1 incorporation by ~~subsections-37-47-57-67-and-7-of~~ section
2 524.302, subsection 1, paragraphs "c" and "d", and subsection
3 2, paragraph "b".

4 Sec. 117. Section 524.1412, Code 1995, is amended to read
5 as follows:

6 524.1412 PUBLICATION OF NOTICE.

7 The Within thirty days after the application for conversion
8 has been accepted for processing, the national bank shall
9 publish a notice of ~~its-intention-to-deliver7-or~~ the delivery
10 of7 the articles of conversion to the superintendent7, once
11 each week for two successive weeks in a newspaper of general
12 circulation ~~published~~ in the municipal corporation or
13 unincorporated area in which the national bank has its
14 principal place of business, or if there is none, a newspaper
15 of general circulation ~~published~~ in the county, or in a county
16 adjoining the county, in which the national bank has its
17 principal place of business. The notice shall ~~appear-prior~~
18 ~~to7-or-within-seven-days-after7-the-date-of-delivery-of-the~~
19 ~~articles-of-conversion-to-the-superintendent-and-shall~~ set
20 forth all of the following:

21 1. The name of the national bank and the name of the
22 resulting state bank.

23 2. The location and post office address of its principal
24 place of business.

25 3. A statement that articles of conversion ~~are-to-be7-or~~
26 have been delivered to the superintendent.

27 4. The purpose or purposes of the resulting state bank.

28 5. The date of delivery of the articles of conversion to
29 the superintendent.

30 Sec. 118. Section 524.1413, Code 1995, is amended to read
31 as follows:

32 524.1413 APPROVAL OF CONVERSION BY SUPERINTENDENT.

33 Upon ~~receipt~~ acceptance for processing of an application
34 for approval of a conversion, the superintendent shall conduct
35 such investigation as the superintendent ~~may-deem~~ deems

1 necessary to ascertain whether the following:

2 1. The articles of conversion and supporting items satisfy
3 the requirements of this chapter.

4 2. The plan adequately protects the interests of
5 depositors.

6 3. The requirements for a conversion under all applicable
7 laws have been satisfied and the resulting state bank would
8 satisfy the requirements of this chapter applicable to it.

9 4. The resulting state bank will possess an adequate
10 capital structure.

11 Within ninety days after ~~receipt of~~ the application has
12 been accepted for processing, the superintendent shall ~~make a~~
13 ~~determination whether to~~ approve or disapprove the pending
14 application on the basis of the investigation. Before As a
15 condition of receiving the decision of the superintendent with
16 respect to the pending application, the national bank shall,
17 ~~upon notice,~~ reimburse the superintendent ~~to the extent of the~~
18 for all expenses incurred in connection with the application.
19 ~~Thereafter, the~~ The superintendent shall give the national
20 bank written notice of the decision and, in the event of
21 disapproval, a statement of the reasons for the decision. If
22 the superintendent approves the pending application, the
23 superintendent shall deliver the articles of conversion, with
24 the superintendent's approval indicated ~~thereon~~ on the
25 articles of conversion, to the secretary of state. The
26 decision of the superintendent shall be subject to judicial
27 review ~~in accordance with the terms of the Iowa administrative~~
28 ~~procedure Act~~ pursuant to chapter 17A. Notwithstanding the
29 terms of ~~said~~ the Iowa administrative procedure Act, such
30 chapter 17A, a petition for judicial review must be filed
31 within thirty days after the superintendent notifies the
32 national bank of the superintendent's decision.

33 Sec. 119. Section 524.1414, Code 1995, is amended to read
34 as follows:

35 524.1414 ISSUANCE OF CERTIFICATE OF CONVERSION.

1 The receipt of the approved articles of conversion by the
2 secretary of state ~~shall constitute~~ constitutes filing thereof
3 of the articles of conversion with that office. The secretary
4 of state shall record the articles of conversion ~~in the~~
5 ~~secretary's office,~~ and the same articles shall be filed and
6 recorded in the office of the county recorder in the county in
7 which the resulting state bank has its principal place of
8 business. ~~On the date upon which the conversion is effective,~~
9 ~~the secretary of state shall issue a certificate of conversion~~
10 ~~and send the same to the resulting state bank and a copy~~
11 ~~thereof to the superintendent and the superintendent shall~~
12 ~~issue to the resulting state bank an authorization to do~~
13 ~~business.~~

14 Sec. 120. Section 524.1415, subsection 1, Code 1995, is
15 amended to read as follows:

16 1. The conversion ~~shall be~~ is effective upon the filing of
17 the articles of conversion with the secretary of state, or at
18 any later date and time as ~~specified by the superintendent~~ in
19 ~~writing on~~ the articles of conversion. The certificate of
20 conversion ~~shall be~~ is conclusive evidence of the performance
21 of all conditions required by this chapter for conversion of a
22 national bank into a state bank, except as against the state.

23 Sec. 121. Section 524.1415, Code 1995, is amended by
24 adding the following new subsection:

25 NEW SUBSECTION. 4. The title to all real estate and other
26 property owned by the converting national bank is vested in
27 the resulting state bank without reversion or impairment.

28 Sec. 122. Section 524.1417, subsection 1, Code 1995, is
29 amended by striking the subsection and inserting in lieu
30 thereof the following:

31 1. A shareholder of a state bank which converts into a
32 national bank who objects to the plan of conversion is
33 entitled to the rights and remedies of a dissenting
34 shareholder as provided in chapter 490, division XIII.

35 Sec. 123. Section 524.1417, subsection 2, Code 1995, is

1 amended to read as follows:

2 2. If a shareholder of a national bank, which converts
3 into a state bank, ~~shall object~~ objects to the plan of
4 conversion and ~~shall comply~~ complies with the requirements of
5 applicable laws of the United States, the resulting state bank
6 ~~shall be~~ is liable for the value of the shareholder's shares
7 as determined in accordance with such laws of the United
8 States. ~~Shares-acquired-by-a-state-bank-pursuant-to-this~~
9 ~~subsection-shall-be-sold-at-public-or-private-sale,-within-one~~
10 ~~year-from-the-time-of-purchase-or-acquisition,-unless-the-time~~
11 ~~is-extended-by-the-superintendent.~~

12 Sec. 124. Section 524.1418, Code 1995, is amended to read
13 as follows:

14 524.1418 SUCCESSION TO FIDUCIARY ACCOUNTS AND APPOINTMENTS
15 -- APPLICATION FOR APPOINTMENT OF NEW FIDUCIARY.

16 The provisions of section ~~524.1407~~ ~~shall~~ 524.1009 apply to
17 a resulting state or national bank after a conversion with the
18 same effect as though ~~such~~ the state or national bank were a
19 party to a plan of merger ~~or-consolidation~~, and the conversion
20 were a merger ~~or-consolidation~~, within the provisions of that
21 section.

22 Sec. 125. Section 524.1419, Code 1995, is amended to read
23 as follows:

24 524.1419 OFFICES OF A RESULTING STATE BANK.

25 If a merger ~~or-consolidation~~ or conversion results in a state
26 bank subject to the provisions of this chapter, the resulting
27 state bank ~~shall~~, after the effective date of the merger ~~or~~
28 ~~consolidation~~ or conversion, shall be subject to ~~all~~ the
29 provisions of sections 524.1201, 524.1202, and 524.1203
30 relating to the bank offices.

31 Sec. 126. Section 524.1420, Code 1995, is amended to read
32 as follows:

33 524.1420 NONCONFORMING ASSETS OF RESULTING STATE BANK.

34 If a merger ~~or-consolidation~~ or conversion results in a state
35 bank subject to the provisions of this chapter, and the

1 resulting state bank has assets which do not conform with the
2 provisions of this chapter, the superintendent may allow the
3 resulting state bank a reasonable time to conform with state
4 law.

5 Sec. 127. Section 524.1501, Code 1995, is amended to read
6 as follows:

7 524.1501 RIGHT AUTHORITY TO AMEND.

8 A state bank may, with the approval of the superintendent
9 and in the manner provided in this chapter, may amend its
10 articles of incorporation in order to make any change ~~therein~~
11 in the articles of incorporation so long as ~~its~~ the articles
12 of incorporation as amended contain only ~~such~~ provisions as
13 might be lawfully contained in the original articles of
14 incorporation at the time of making ~~such~~ the amendment.

15 Sec. 128. Section 524.1503, Code 1995, is amended by
16 striking the section and inserting in lieu thereof the
17 following:

18 524.1503 VOTING ON AMENDMENTS BY VOTING GROUPS.

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

22 a. Increases or decreases the aggregate number of
23 authorized shares of the class.

24 b. Increases or decreases the par value of the shares of
25 the class.

26 c. Effects an exchange or reclassification of all or part
27 of the shares of the class into shares of another class or
28 effects a cancellation of all or part of the shares of the
29 class.

30 d. Effects an exchange or reclassification, or creates the
31 right of exchange, of all or part of the shares of another
32 class into shares of that class.

33 e. Changes the designation, rights, preferences, or
34 limitations of all or part of the shares of the class.

35 f. Changes the shares of all or part of the class into a

1 different number of shares of the same class.

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

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

11 i. Limits or denies an existing preemptive right of all or
12 part of the shares of the class.

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

16 2. If a proposed amendment would affect a series of a
17 class of shares in one or more of the ways described in
18 subsection 1, the shares of that series are entitled to vote
19 as a separate voting group on the proposed amendment.

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

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

29 Sec. 129. Section 524.1504, subsection 1, paragraph d,
30 Code 1995, is amended to read as follows:

31 d. The place, and date ~~and-hour~~ of the meeting of
32 shareholders at which the amendment was adopted, and the kind
33 and period of notice given to the shareholders.

34 Sec. 130. Section 524.1506, Code 1995, is amended to read
35 as follows:

1 524.1506 CERTIFICATE OF AMENDMENT ---EFFECT.

2 1. The secretary of state shall record the articles of
3 amendment ~~in-the-secretary's-office,~~ and the same articles of
4 amendment shall be filed ~~and-recorded~~ in the office of the
5 county recorder in the county in which the state bank has its
6 principal place of business. The secretary of state upon the
7 filing of the articles of amendment shall issue a certificate
8 of amendment and send the same to the state bank.

9 2. Upon the issuance of the certificate of amendment by
10 the secretary of state, the amendment ~~shall-become~~ becomes
11 effective and the articles of incorporation ~~shall-be~~ are
12 deemed to be amended accordingly. ~~No-amendment-shall-affect~~
13 ~~the-existing-rights-of-persons-other-than-shareholders,-or-any~~
14 ~~existing-cause-of-action-in-favor-of-or-against-such-state~~
15 ~~bank,-or-any-pending-suit-to-which-such-state-bank-shall-be-a~~
16 ~~party,-and,-in-the-event-the-name-of-the-state-bank-shall-be~~
17 ~~changed-by-amendment,-no-suit-brought-by-or-against-such-state~~
18 ~~bank-under-its-former-name-shall-abate-for-that-reason.~~

19 Sec. 131. Section 524.1508, Code 1995, is amended to read
20 as follows:

21 524.1508 ~~RESTATEMENT-OF~~ RESTATED ARTICLES OF
22 INCORPORATION.

23 A state bank may at any time restate its articles of
24 incorporation, which may be amended by such the restatement,
25 so long as its articles of incorporation as ~~so~~ restated
26 contain only such provisions as might be lawfully contained in
27 original articles of incorporation at the time of making such
28 the restatement, ~~by-the-adoption-of-restated.~~ Restated
29 articles of incorporation, ~~including-any-amendments-to-its~~
30 ~~articles-of-incorporation-to-be-made-thereby,~~ shall be adopted
31 in the following manner:

32 1. The board of directors shall adopt a resolution setting
33 forth the proposed restated articles of incorporation, which
34 may include an amendment or amendments to the articles of
35 incorporation of the state bank to be made thereby, and

1 directing that such the restated articles, including such
2 amendment or amendments, be submitted to a vote at a meeting
3 of shareholders, which may be either an annual meeting or a
4 special meeting.

5 2. Written or printed notice setting forth the proposed
6 restated articles or a summary of the provisions thereof of
7 the proposed restated articles shall be given to each
8 shareholder of record entitled to vote thereon on the proposed
9 restated articles within the time and in the manner provided
10 in section 524.509. If the meeting be an annual meeting, the
11 proposed restated articles may be included in the notice of
12 such annual meeting. If the restated articles include an
13 amendment or amendments to the articles of incorporation ~~to-be~~
14 ~~made-thereby~~, the notice shall separately set forth such
15 amendment or amendments or a summary of the changes to be
16 effected thereby by the amendment or amendments.

17 3. At such the meeting a vote of the shareholders entitled
18 to vote thereon on the proposed restated articles shall be
19 taken on the proposed restated articles. The proposed
20 restated articles shall be adopted upon receiving the
21 affirmative vote of the holders of a majority of the shares
22 entitled to vote thereon, unless such restated articles
23 include an amendment to the articles of incorporation ~~to-be~~
24 ~~made-thereby~~ which, if contained in a proposed amendment to
25 articles of incorporation to be made without restatement of
26 the articles of incorporation, would entitle a class of shares
27 to vote as a class thereon on the proposed restated articles,
28 in which event the proposed restated articles shall be adopted
29 upon receiving the affirmative vote of the holders of a
30 majority of the shares of each class of shares entitled to
31 vote thereon on the proposed restated articles as a class, and
32 of the total shares entitled to vote thereon on the proposed
33 restated articles.

34 Upon such approval, restated articles of incorporation
35 shall be executed by the state bank by its president or vice

1 president and by its cashier or an assistant cashier, and
2 verified by one of the officers signing the ~~same~~ restated
3 articles, and shall set forth, as then stated in the articles
4 of incorporation of the state bank and, if the restated
5 articles of incorporation included an amendment or amendments
6 to the articles of incorporation ~~to-be-made-thereby~~, as so
7 amended, the material and contents described in section
8 524.302.

9 The restated articles of incorporation shall set forth also
10 a statement that they correctly set forth the provisions of
11 the articles of incorporation as ~~theretofore-or-thereby~~
12 amended, that they have been duly adopted as required by law
13 and that they supersede the original articles of incorporation
14 and all amendments ~~thereto~~ to the original articles of
15 incorporation.

16 The restated articles of incorporation shall be delivered
17 to the superintendent together with the applicable fees for
18 the filing and recording of the restated articles of
19 incorporation. The superintendent shall conduct such
20 investigation and give approval or disapproval, ~~all as in-the~~
21 ~~manner provided for~~ in section 524.1505. If the
22 superintendent ~~shall-approve~~ approves the restated articles of
23 incorporation, the superintendent shall deliver them with the
24 written approval on the restated articles of incorporation to
25 the secretary of state for filing, ~~and-recording-in-the~~
26 ~~secretary's-office~~ and the same restated articles of
27 incorporation shall be filed ~~and-recorded~~ in the office of the
28 county recorder. The secretary of state upon filing the
29 restated articles of incorporation shall issue a restated
30 certificate of incorporation and send the ~~same~~ certificate to
31 the state bank or its representative.

32 Upon the issuance of the restated certificate of
33 incorporation by the secretary of state, the restated articles
34 of incorporation including any amendment or amendments to the
35 articles of incorporation ~~made-thereby~~, ~~shall-become~~ are

1 effective and shall supersede the original articles of
2 incorporation and all amendments thereto to the original
3 articles of incorporation.

4 ~~No-amendment-shall-affect-the-existing-rights-of-persons~~
5 ~~other-than-shareholders,-or-any-existing-cause-of-action-in~~
6 ~~favor-of-or-against-such-state-bank,-or-any-pending-suit-to~~
7 ~~which-such-state-bank-shall-be-a-party,-and,-in-the-event-the~~
8 ~~corporate-name-shall-be-changed-by-amendment,-no-suit-brought~~
9 ~~by-or-against-such-state-bank-under-its-former-name-shall~~
10 ~~abate-for-that-reason.~~

11 Sec. 132. NEW SECTION. 524.1509 REVERSE STOCK SPLIT.

12 A state bank may effect a reverse stock split or similar
13 change in capital structure by renewal, amendment, or
14 restatement of existing articles of incorporation, provided
15 the requirements of the superintendent are satisfied.

16 Sec. 133. NEW SECTION. 524.1510 EFFECT OF AMENDMENT.

17 An amendment to the articles of incorporation does not
18 affect a cause of action existing against or in favor of the
19 state bank, a proceeding to which the state bank is a party,
20 or the existing rights of persons other than shareholders of
21 the state bank. An amendment changing the state bank's name
22 does not abate a proceeding brought by or against the state
23 bank in its former name.

24 Sec. 134. Section 524.1806, Code 1995, is amended to read
25 as follows:

26 524.1806 BANKS OWNED OR CONTROLLED -- OFFICERS AND
27 DIRECTORS.

28 ~~If-any~~ An individual who is a director or an officer, ~~or~~
29 ~~both,~~ of a bank holding company, ~~or-of-a-bank-which-is-owned~~
30 ~~or-controlled-by-a-bank-holding-company-in-any-manner,-and-to~~
31 ~~the-extent,~~ as specified by section 524.1801, ~~such-individual~~
32 ~~shall-also-be~~ is deemed to be a director or an officer, or
33 both, as the case may be, of each bank so owned or controlled
34 by that bank holding company, for the purposes of sections
35 524.612, 524.613 and 524.706.

1 Sec. 135. Sections 524.106, 524.402, 524.403, 524.518,
2 524.704, 524.1307, 524.1308, 524.1407, 524.1507, 524.1701,
3 524.1702, and 524.1703, Code 1995, are repealed.

4 EXPLANATION

5 This bill amends many sections within divisions I through
6 XI, XIII through XV, XVII, and XVIII of chapter 524, which
7 relates to the regulation of banks.

8 Division I (sections 524.101 through 524.109) amendments
9 include the definitions for new terms including "aggregate
10 capital", "borrower", "calculation date", "chief executive
11 officer", "contractual commitment", "control", "executive
12 officer", "officer", "operations subsidiary", "reserves",
13 "sale of federal funds", and "standby letter of credit".
14 Several other definitions are amended, and conforming changes
15 made as a result of the amendment of other sections in the
16 chapter.

17 Division II (sections 524.201 through 524.228) amendments
18 include that the salary of the superintendent is to be set by
19 the governor rather than the state banking board, prohibitions
20 on certain division of banking personnel from participating in
21 regulatory decisions if such personnel have credit relations
22 with the institutions being regulated, and conforming changes
23 made as a result of the amendment of other sections in the
24 chapter.

25 Division III (sections 524.301 through 524.313) amendments
26 include adding new provisions which may be set forth in the
27 articles of incorporation of a state bank, changes in the
28 timing of notice and when comments must be submitted with
29 respect to the application for a new state bank, creating a
30 new section 524.314 relating to the renewal of the corporate
31 existence of an existing state bank, and conforming changes
32 made as a result of the amendment of other sections in the
33 chapter.

34 Division IV (sections 524.401 through 524.405) amendments
35 include a change in the minimum capital requirements from

1 \$100,000 to the amount required by the federal deposit
2 insurance corporation and certain nonsubstantive changes.

3 Division V (sections 524.501 through 524.520) amendments
4 include changes relating to the terms of a class or series of
5 shares issued by a state bank, adding certain disclosure
6 requirements relating to such classes or series, adding a
7 provision relating to fractional shares, changes relating to
8 shareholder rights and shareholder meetings, and conforming
9 changes made as a result of the amendment of other sections in
10 the chapter.

11 Division VI (sections 524.601 through 524.614) amendments
12 include the elimination of the requirement that the board of
13 directors of a state bank meet at least once each month and
14 requires that the board conduct at least nine meetings each
15 year with no more than one meeting in any one calendar month,
16 changes to the provision regulating the financial transactions
17 between a director and a state bank, and conforming changes
18 made as a result of the amendment of other sections in the
19 chapter.

20 Division VII (sections 524.701 through 524.710) amendments
21 include a requirement that the board of directors of a state
22 bank elect one officer as chief executive officer, changes in
23 the total amount of loans or extensions of credit which an
24 officer may receive from the state bank, eliminates the
25 requirement that the officer notify the superintendent when
26 the officer's borrowings from or other obligations to the
27 state bank equal or exceed \$25,000, and conforming changes
28 made as a result of the amendment of other sections in the
29 chapter.

30 Division VIII (sections 524.801 through 524.825) amendments
31 include the addition of powers which a state bank may
32 exercise, increasing the amount of real and personal property
33 which a state bank may hold without the approval of the
34 superintendent from 25 percent to 40 percent of the aggregate
35 capital of the state bank, and conforming changes made as a

1 result of the amendment of other sections in the chapter.

2 Division IX (sections 524.901 through 524.913) amendments
3 include increasing the investment limit and the lending limit
4 of a state bank from 20 percent of capital and surplus to 15
5 percent of aggregate capital, rewriting the section relating
6 to the types of investments a state bank may make, rewriting
7 the section relating to the loans and extensions of credit
8 which a state bank may make to any single borrower, and
9 conforming changes made as a result of the amendment of other
10 sections in the chapter.

11 Division X (sections 524.1001 through 524.1008) is amended
12 by adding a new section 524.1009 relating to the succession to
13 fiduciary accounts and appointments as a result of a plan of
14 merger of a state bank.

15 Division XI (sections 524.1101 through 524.1106) amendments
16 include increasing the amount of the aggregate loans or
17 extensions of credit which a state bank may make to an
18 affiliate from 10 percent of capital and surplus to 10 percent
19 of aggregate capital, excepting an operating subsidiary of a
20 state bank from the limit on aggregate loans or extensions of
21 credit, and other nonsubstantive changes.

22 Division XIII (sections 524.1301 through 524.1314)
23 amendments include changes in the manner in which a state bank
24 may be dissolved and the effect of the dissolution on claims
25 against the bank, allowing a state bank to be acquired by a
26 financial institution which is not a bank, and conforming
27 changes made as a result of the amendment of other sections in
28 the chapter.

29 Division XIV (sections 524.1401 through 524.1420)
30 amendments include the elimination of the term
31 "consolidation", permitting state or national banks to merge
32 with savings associations or other corporations into a state
33 bank, and conforming changes made as a result of the amendment
34 of other sections in the chapter.

35 Division XV (sections 524.1501 through 524.1508) amendments

1 include authorizing reverse stock splits, and conforming
2 changes made as a result of the amendment of other sections in
3 the chapter.

4 Division XVII (sections 524.1701 through 524.1703), which
5 relates to private banks is repealed.

6 Section 524.1806 of division XVIII (sections 524.1801
7 through 524.1807) is amended to provide that directors and
8 officers of a bank holding company are deemed to be directors
9 and officers of a state bank controlled by the bank holding
10 company for purposes of the regulation of financial dealings
11 between the state bank and such directors and officers.

12 BACKGROUND STATEMENT

13 SUBMITTED BY THE AGENCY

14 Chapter 524 of the Code of Iowa, known as "Iowa Banking
15 Act", was last revised in 1969. Since that time, a number of
16 significant changes have occurred in the industry. The five
17 primary reasons for this revision are as follows:

18 1. There are a number of areas where federal law
19 controlling national banks is somewhat different than our
20 state law. This bill attempts to bring our law more in line
21 with the federal statutes where it will not result in the
22 deterioration in the safeness and soundness of the state
23 banking system.

24 2. There have been a number of changes made in the Iowa
25 Corporation Act contained in chapter 490. This bill attempts
26 to utilize a number of these changes where possible so that
27 the corporate divisions of the Iowa Banking Act will be
28 similar to those for a regular corporation.

29 3. Experience has shown that because of the increased size
30 of agricultural operations, any state banks do not have an
31 adequate lending limit to provide credit. Accordingly, this
32 bill provides for an expansion of lending limits for most
33 state banks and is similar to the limits allowed for national
34 banks. All but six of the 442 state chartered banks would
35 have their lending limits increased.

1 4. There were several areas in the Code which, because of
2 piecemeal amendments, were unclear and difficult to interpret.
3 This bill attempts to rewrite and clarify these areas without
4 changing the basic context of the statute.

5 5. There are a number of reports and other information
6 which banks are required to maintain or submit to the
7 superintendent of banking were superfluous. In order to
8 reduce the regulatory burden, several of these requirements
9 have been omitted.

10 Because of the length of this bill and the numerous
11 technical changes, this summary will not attempt to cover each
12 and every change or modification, but will attempt to
13 highlight those changes which are significant or which provide
14 additional flexibility for the industry. The synopsis will
15 treat the changes or modifications within each division of
16 chapter 524 in numerical order.

17 Division I -- Several new definitions have been added,
18 including "aggregate capital", "chief executive officer", and
19 "executive officer". These definitions are similar to those
20 provided in the federal statutes.

21 Division II -- Section 524.211 is clarified as it relates
22 to borrowings of the staff of the division of banking from
23 various financial institutions. Borrowing from any entity
24 where a division employee is involved in a regulatory role is
25 still prohibited. The prohibition against disclosure of
26 confidential information has also been clarified in section
27 524.212.

28 Division III -- Section 524.304 was revised to change the
29 timing of the publication of the notice for a new state bank.
30 The application must be accepted for processing and the
31 publication is to occur within 30 days of acceptance of the
32 application. Section 524.305 limits the timeframe for written
33 comments on a new bank application to 30 days after the second
34 publication, as opposed to the current 90-day comment period.
35 A request for a hearing on a new bank application must be

1 submitted in writing within 30 days after the second
2 publication. Section 524.312, subsections 3 and 4, pertain to
3 the relocation of the principal place of business and are
4 currently located in division XV, amendment to articles of
5 incorporation, section 524.1507. Section 524.314 deals with a
6 renewal of the bank's corporate existence and was moved here
7 from section 524.106.

8 Division IV -- Section 524.401, subsection 2, eliminates
9 the need for a specific amount of money to capitalize a new
10 bank and substitutes "that required by the Federal Deposit
11 Insurance Corporation", which is currently \$2 million. This
12 change was made because no bank could be allowed to do
13 business without the FDIC insurance. This section also
14 provides that the superintendent shall designate the structure
15 of the capital accounts of a new chartered bank rather than
16 setting forth specific amounts as was contained in the current
17 statute.

18 Division V -- Sections 524.501 and 524.502 provide for the
19 issuance of classes of shares and series within a class of
20 shares similar to the provisions of chapter 490. Sections
21 524.505 and 524.506 are new and incorporate a portion of the
22 language found in sections 490.620 and 490.604. Section
23 524.508 regarding shareholders' preemptive rights was changed
24 to incorporate the language of section 490.630. Section
25 524.509 states that until July 1, 1998, existing state banks
26 are governed by the current preemptive rights statute unless
27 limited by their articles of incorporation. Section 524.510
28 allows a bank to acquire its own shares with the prior
29 approval of the superintendent. Section 524.513 incorporates
30 the language of section 490.706 regarding waiver of notice of
31 a shareholder meeting. Section 524.514 now allows an action
32 to be taken without a meeting similar to section 490.704.
33 Section 524.520 regarding voting agreements is similar to
34 section 490.731.

35 Division VI -- Section 524.607 eliminates the requirement

1 that the board of directors of a state bank must meet once
2 each month. The new language requires that a board of
3 directors hold a minimum of nine regular meetings during a
4 calendar year, with no more than one regular meeting held in
5 any one month. Section 524.608 has been amended to grant
6 discretion to a state bank's board of directors to determine
7 the audit needs of the bank. Section 524.613 concerning
8 directors overdrawing their accounts has been amended to more
9 closely reflect federal law.

10 Division VII -- Section 524.701 requires the board of
11 directors to elect one officer as the chief executive officer
12 of the bank. The chief executive officer shall be a board
13 member. Section 524.706, subsection 4, has been amended to
14 eliminate the need for an officer to notify the superintendent
15 of banking when the officer's borrowings equal or exceed
16 \$25,000 for a purpose other than residence. Section 524.710
17 concerning officers overdrawing their accounts has also been
18 amended to more closely reflect federal law.

19 Division VIII -- Section 524.802 has been amended to
20 provide additional powers to state banks and to reorganize
21 existing powers that had been located in other sections of
22 chapter 524. Section 524.803 increases to 40 percent of
23 aggregate capital the amount of fixed assets a state bank may
24 hold without obtaining the superintendent's approval.

25 Division IX -- Section 524.901 has been amended to increase
26 the investment limit for state banks to 15 percent of
27 aggregate capital from 20 percent of capital and surplus.
28 Changes have also been made to further clarify unclear and
29 difficult to interpret language. Section 524.904 has likewise
30 been amended to increase a state bank's lending limit to 15
31 percent of aggregate capital from 20 percent of capital and
32 surplus. The new language will allow a state bank to lend
33 additional funds to borrowers secured by capital or breeding
34 livestock. This new borrowing provision more closely reflects
35 federal law in this area.

1 Division X -- No changes.

2 Division XI -- Section 524.1103 has been amended to provide
3 an exception for operations subsidiaries from the provisions
4 of section 524.1102.

5 Division XII -- No changes.

6 Division XIII -- Section 524.1301 was changed to
7 incorporate the language of section 490.1401. Section
8 524.1303 allows a state bank to be acquired by a financial
9 institution other than a bank, as long as the financial
10 institution is insured by the FDIC. The publication
11 requirements for a dissolution application are changed to
12 allow for the publication to occur after the application is
13 accepted for processing. The notice provides for a 30-day
14 time frame after the second publication to submit written
15 comments or a written request for a hearing on the
16 application. Section 524.1305 regarding articles of
17 dissolution incorporates the provisions of section 490.1403
18 and existing statute. Section 524.1306 incorporates portions
19 of section 490.1405 with the existing statute. Sections
20 524.1308 and 524.1309 incorporate the provisions of sections
21 490.1406 and 490.1407.

22 Division XIV -- The word "consolidation" was deleted from
23 this division, as it has the same meaning as "merger" in the
24 combination of one or more banks. Section 524.1401 allows for
25 the merger of banks and savings associations and other
26 corporations. Section 524.1402 changes the publication
27 requirements and comment period following the publication -
28 same as new bank and dissolution applications. Section
29 524.1405 incorporates portions of section 490.1106. Section
30 524.1407 was moved to division X as new section 524.1009 --
31 succession to fiduciary accounts and appointments --
32 application for appointment of new fiduciary.

33 Division XV -- Section 524.1503 incorporates the provisions
34 of section 490.1004. Section 524.1507 was moved to section
35 524.312. Section 524.1508 provides for reverse stock splits.

1 Section 524.1509 incorporates the provisions of section
2 490.1009.

3 Division XVI -- No changes

4 Division XVII -- The entire division on private banks has
5 been repealed.

6 Division XVIII -- Section 524.1806 has been amended so only
7 directors and officers of the bank holding company will be
8 deemed to be a director or an officer of the state bank for
9 purposes of insider treatment.

10 Division XIX -- No changes.

11 Division XX -- No changes.

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