

# House Study Bill 208

## Conference Committee Text

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1 1 Section 1. Section [524.103](#), Code 1995, is amended by  
1 2 adding the following new subsections:  
1 3 NEW SUBSECTION. 2A. "Aggregate capital" means the sum of  
1 4 capital, surplus, undivided profits, and reserves as of the  
1 5 most recent calculation date.  
1 6 NEW SUBSECTION. 8A. "Borrower" means a person named as a  
1 7 borrower or debtor in a loan or extension of credit, or any  
1 8 other person, including a drawer, endorser, or guarantor,  
1 9 deemed to be a borrower under section 524.904, subsection 3.  
1 10 NEW SUBSECTION. 9A. "Calculation date" means the most  
1 11 recent of the following:  
1 12 a. The date the bank's statement of condition is required  
1 13 to be filed pursuant to section 524.220, subsection 2.  
1 14 b. The date an event occurs that reduces or increases the  
1 15 bank's aggregate capital by ten percent or more.  
1 16 c. As the superintendent may direct.  
1 17 NEW SUBSECTION. 11A. "Chief executive officer" means the  
1 18 person designated by the board of directors to be responsible  
1 19 for the implementation of and adherence to board policies and  
1 20 resolutions by all officers and employees of the bank.  
1 21 NEW SUBSECTION. 11B. "Contractual commitment to advance  
1 22 funds" means a bank's obligation to do either of the  
1 23 following:  
1 24 a. Advance funds under a standby letter of credit or other  
1 25 similar arrangement.  
1 26 b. Make payment, directly or indirectly, to a third person  
1 27 contingent upon default by a customer of the bank in  
1 28 performing an obligation and to make such payment in keeping  
1 29 with the agreed upon terms of the customer's contract with a  
1 30 third person, or to make payments upon some other stated  
1 31 condition.  
1 32 The term does not include commercial letters of credit and  
1 33 similar instruments where the issuing bank expects the  
1 34 beneficiary to draw on the issuer, that do not guarantee  
1 35 payment, and that do not provide for payment in the event of a  
2 1 default by a third person.  
2 2 NEW SUBSECTION. 11C. "Control" means when a person,  
2 3 directly or indirectly or acting through or together with one  
2 4 or more persons, satisfies any of the following:  
2 5 a. Owns, controls, or has the power to vote fifty percent  
2 6 or more of any class of voting securities of another person.  
2 7 b. Controls, in any manner, the election of a majority of  
2 8 the directors, trustees, or other persons exercising similar  
2 9 functions of another person.  
2 10 c. Has the power to exercise a controlling influence over  
2 11 the management or policies of another person.  
2 12 NEW SUBSECTION. 13A. "Executive officer" means a person  
2 13 who participates or has authority to participate, other than  
2 14 in the capacity of a director, in major policymaking functions  
2 15 of a state bank, whether or not the officer has an official  
2 16 title, whether or not such a title designates the officer as  
2 17 an assistant, or whether or not the officer is serving without  
2 18 salary or other compensation. The chief executive officer,  
2 19 chairperson of the board, the president, every vice president,  
2 20 and the cashier of a state bank are deemed to be executive  
2 21 officers, unless such an officer is excluded, by resolution of

2 22 the board of directors of a state bank or by the bylaws of the  
2 23 state bank, from participation, other than in the capacity of  
2 24 a director, in major policymaking functions of the state bank,  
2 25 and the officer does not actually participate in the major  
2 26 policymaking functions. All officers who serve on a board of  
2 27 directors are deemed to be executive officers, except as  
2 28 provided for in section 524.701, subsection 3.

2 29 NEW SUBSECTION. 17A. "Officer" means chief executive  
2 30 officer, executive officer, or any other administrative  
2 31 official of a bank elected by the bank's board of directors to  
2 32 carry out any of the bank's operating rules and policies.

2 33 NEW SUBSECTION. 17B. "Operations subsidiary" means a  
2 34 wholly owned corporation incorporated and controlled by a bank  
2 35 that performs functions which the bank is authorized to  
3 1 perform.

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

3 4 NEW SUBSECTION. 19B. "Sale of federal funds" means any  
3 5 transaction between depository institutions involving the  
3 6 transfer of immediately available funds resulting from credits  
3 7 to deposit balances at federal reserve banks, or from credits  
3 8 to new or existing deposit balances due from a correspondent  
3 9 depository institution.

3 10 NEW SUBSECTION. 21A. "Standby letter of credit" means a  
3 11 letter of credit, or similar arrangement, that represents an  
3 12 obligation to the beneficiary on the part of the issuer to do  
3 13 any of the following:

3 14 a. Repay money borrowed by or advanced to or for the  
3 15 account of the account holder.

3 16 b. Make payment on account of any indebtedness undertaken  
3 17 by the account holder.

3 18 c. Make payment on account of any default by the account  
3 19 holder in the performance of an obligation.

3 20 Sec. 2. Section 524.103, subsections 7, 12, 15, 18, 22,  
3 21 25, 26, and 27, Code 1995, are amended to read as follows:

3 22 7. "Bank" means a corporation

~~engaged in the business of~~

3 23

~~banking, authorized by law to receive deposits and whose~~

3 24

~~deposits are insured by the bank insurance fund of the federal~~

3 25

~~deposit insurance corporation~~  
~~organized under this chapter or~~

3 26 U.S.C. title 12.

3 27 12. "Customer" means

~~any~~

~~a person~~

~~having~~

~~with an account~~

3 28 or other contractual arrangement with a state bank.

~~For the~~

3 29

~~purpose of this chapter, a government or governmental body or~~

~~entity may be a customer.~~

3 31 15. "Insolvent" means the inability of a state bank to pay  
3 32 its debts and obligations as they become due in the ordinary  
3 33 course of its business. A state bank is also considered to be  
3 34 insolvent if the ratio of its capital, surplus, and undivided  
3 35 profits to assets is at or close to zero or if its assets are  
4 1 of such poor quality that its continued existence is  
4 2 uncertain.

4 3 18. "Person" means

~~an individual, a corporation (domestic~~

4 4

~~or foreign), a partnership, an association, a trust or a~~

4 5

~~fiduciary~~

~~as defined in section 4.1.~~

4 6 22. "State bank" means any bank incorporated pursuant to  
4 7 the provisions of this chapter after January 1, 1970, and any  
4 8 "state bank" or "savings bank" incorporated pursuant to the  
4 9 laws of this state and doing business as such

~~upon~~

~~on~~ January  
4 10 1, 1970.

4 11 25. "Surplus" means the aggregate of the amount originally  
4 12 paid in as required by section

~~524.402~~

~~524.401, subsection~~

~~1~~

4 13 3, any amounts transferred to surplus pursuant to section  
4 14

~~524.402, subsection 2,~~

~~524.405 and any amounts subsequently~~

4 15 designated as such by action of the board of directors of the  
4 16 state bank.

4 17 26. "Trust company" means a business organization which is  
4 18 authorized to engage in trust business pursuant to section  
4 19 524.1005. A bank lawfully

~~granted~~

~~exercising~~ trust powers

4 20 under the laws of this state or of the United States is not a  
4 21 trust company by reason of having authority to engage in trust  
4 22 business in addition to its general business.

4 23 27. "Undivided profits" means the accumulated  
4 24 undistributed net profits of a state bank, including any  
4 25 residue from the fund established pursuant to section

~~524.403~~

4 26 524.401, subsection 3, after:

4 27 a. Payment or provision for payment of taxes and expenses  
4 28 of operations.

4 29 b. Transfers to reserves allocated to a particular asset  
4 30 or class of assets.

4 31 c. Losses estimated or sustained on a particular asset or

4 32 class of assets in excess of the amount of reserves allocated  
4 33 therefor.  
4 34 d. Transfers to surplus and capital.  
4 35 e. Amounts declared as dividends to shareholders.  
5 1 Sec. 3. Section [524.103](#), subsection 19, Code 1995, is  
5 2 amended by striking the subsection.  
5 3 Sec. 4. Section [524.104](#), Code 1995, is amended to read as  
5 4 follows:  
5 5 524.104 RULES OF CONSTRUCTION.  
5 6 In the interpretation and construction of this chapter:  
5 7 1. Transactions or acts validly entered into or performed  
5 8 before

~~January 1, 1970~~  
- ~~July 1, 1995~~, and the rights, duties  
5 9 and interests flowing from them remain valid

~~thereafter~~  
- ~~on and~~  
5 10 ~~after July 1, 1995~~, and may be completed or terminated  
5 11 according to their terms and as permitted by any statute  
5 12 repealed or amended by this chapter, as though such repeal or  
5 13 amendment had not occurred.  
5 14 2. All individuals who,

~~upon January 1, 1970~~  
- ~~on July 1,~~  
5 15 ~~1995~~, hold any office under a provision of law repealed by  
5 16 this chapter, and which offices are continued by this chapter  
5 17 shall continue to hold such offices according to their former  
5 18 tenure.  
5 19 Sec. 5. Section [524.105](#), Code 1995, is amended to read as  
5 20 follows:  
5 21 524.105 EFFECT ON EXISTING BANKS.  
5 22 1. The corporate existence of a state bank existing and  
5 23 operating on

~~January 1, 1970~~  
- ~~July 1, 1995~~,

~~shall~~  
- ~~is~~ not

~~be~~  
-  
5 24 affected by the

~~enactment~~  
- ~~amendment~~ of this chapter.  
5 25 2. All state banks

~~shall be~~  
- ~~are~~ subject to the provisions  
5 26 and requirements of this chapter in every particular, and all  
5 27 national banks, now or hereafter doing business in this state,  
5 28

~~shall be~~  
- ~~are~~ subject to the provisions of this chapter, to the  
5 29 extent applicable, from

~~January 1, 1970~~  
- ~~July 1, 1995~~.  
5 30 Sec. 6. Section [524.107](#), subsection 1, Code 1995, is  
5 31 amended to read as follows:  
5 32 1.

~~No~~

- A person

~~may lawfully engage in this state in the~~

5 33

~~business of receiving money for deposit, transact the business~~

5 34

~~of banking, or may lawfully establish in this state a place of~~

5 35

~~business for such purpose~~

~~except~~

- other than a state bank

6 1 which is subject to the provisions of this chapter

~~, a private~~

6 2

~~bank to the extent provided for and limited by sections~~

6 3

~~524.1701 and 524.1702,~~

- and a national bank authorized by the

6 4 laws of the United States to engage in the business of

6 5 receiving money for deposit, shall not engage in this state in

6 6 the business of receiving money for deposit, transact the

6 7 business of banking, or establish in this state a place of

6 8 business for such purpose.

6 9 Sec. 7. Section 524.109, Code 1995, is amended to read as  
6 10 follows:

6 11 524.109 BANKERS' BANK AUTHORIZED.

6 12 1. A state bank may be organized under this chapter as a

6 13 bankers' bank. The bankers' bank is subject to all rights,

6 14 privileges, duties, restrictions, penalties, liabilities,

6 15 conditions and limitations applicable to a state

~~banks~~

- bank

6 16 generally, except as limited in the definition of bankers'

6 17 bank contained in section 524.103, subsection 8. However, a

6 18 bankers' bank shall have the same powers as those granted by

6 19 federal law and regulation to a national bank organized as a

6 20 bankers' bank under 12 U.S.C. } 27.

6 21 2. A state bank shall have the power to acquire and hold

6 22 the shares in one or more bankers' banks or bank holding

6 23 companies which own a bankers' bank in a total amount not to

6 24 exceed five percent of the state bank's aggregate capital. A

6 25 state bank shall not own, directly or indirectly, more than

6 26 five percent of any class of voting shares of a bankers' bank.

6 27 Sec. 8. Section 524.201, subsection 1, Code 1995, is

6 28 amended to read as follows:

6 29 1. The governor shall appoint, subject to confirmation by

6 30 the senate, a superintendent of banking. The appointee shall

6 31 be selected solely with regard to qualification and fitness to

6 32 discharge the duties of office, and

~~no~~

- a person shall not be

6 33 appointed who has not had at least five years experience as an  
6 34 executive officer in a bank or in the regulation or  
6 35 examination of banks.

7 1 Sec. 9. Section [524.202](#), Code 1995, is amended to read as  
7 2 follows:

7 3 524.202 SUPERINTENDENT &ndash; SALARY.

7 4 The superintendent shall receive a salary to be fixed by  
7 5 the

~~state banking board~~  
~~governor.~~

~~The superintendent shall be~~

7 6

~~entitled to receive reimbursement for expenses incurred in the~~

7 7

~~performance of the superintendent's duties, subject to the~~

7 8

~~provisions of section 524.209.~~

7 9 Sec. 10. Section [524.204](#), Code 1995, is amended to read as  
7 10 follows:

7 11 524.204 DEPUTY SUPERINTENDENT OF BANKING.

7 12 1. The superintendent shall appoint a deputy  
7 13 superintendent of banking, who shall assist the superintendent  
7 14 in the performance of the superintendent's

~~office~~

~~duties and~~

7 15 who shall perform the duties of the superintendent during the  
7 16 absence or the inability of the superintendent, and as  
7 17 directed by the superintendent.

7 18 2. The deputy superintendent shall be removable at the  
7 19 pleasure of the superintendent. If the office of the  
7 20 superintendent becomes vacant, the deputy superintendent shall  
7 21 have all the powers and duties of the superintendent until a  
7 22 new superintendent is appointed by the governor in accordance  
7 23 with the provisions of this chapter.

7 24 3. The deputy superintendent shall receive a salary to be  
7 25 fixed

~~by the state banking board~~

~~as provided in section~~

7 26 [524.208](#).

~~The deputy superintendent shall be entitled to~~

7 27

~~receive reimbursement for expenses incurred in the performance~~

7 28

~~of the deputy superintendent's duties, subject to the~~

7 29

~~provisions of section 524.209.~~

7 30 Sec. 11. Section [524.211](#), subsections 1 and 2, Code 1995,  
7 31 are amended by striking the subsections and inserting in lieu

7 32 thereof the following:

7 33 1. The superintendent, deputy superintendent, an assistant  
7 34 to the superintendent, a bank examination analyst, general  
7 35 counsel, or an examiner assigned to the bank bureau of the  
8 1 banking division is prohibited from obtaining a loan of money  
8 2 or property from a state-chartered bank or any person or  
8 3 entity affiliated with a state-chartered bank.

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

8 9 Sec. 12. Section [524.211](#), Code 1995, is amended by adding  
8 10 the following new subsections:

8 11 NEW SUBSECTION. 2A. The superintendent, deputy  
8 12 superintendent, an assistant to the superintendent, a bank  
8 13 examination analyst, finance company bureau chief, general  
8 14 counsel, or an examiner of the banking division who has credit  
8 15 relations with a mortgage banking company or credit card  
8 16 company licensed by the banking division is prohibited from  
8 17 participating in decisions, oversight, and official review of  
8 18 matters concerning the regulation of the mortgage banking  
8 19 company or credit card company with which such person has  
8 20 credit relations.

8 21 NEW SUBSECTION. 2B. An assistant to the superintendent, a  
8 22 bank examination analyst, general counsel, or an examiner  
8 23 assigned to the bank bureau of the banking division who has  
8 24 credit relations with a finance company licensed by the  
8 25 banking division is prohibited from participating in  
8 26 decisions, oversight, and official review of matters  
8 27 concerning the regulation of the finance company with which  
8 28 such person has credit relations.

8 29 NEW SUBSECTION. 2C. An employee of the banking division,  
8 30 other than the superintendent or a member of the state banking  
8 31 board, shall not perform any services for, and shall not be a  
8 32 shareholder, member, partner, owner, director, officer, or  
8 33 employee of, any enterprise, person, or affiliate subject to  
8 34 the regulatory purview of the banking division.

8 35 Sec. 13. Section [524.211](#), subsection 4, Code 1995, is  
9 1 amended to read as follows:

9 2 4. The superintendent, deputy superintendent, or any  
9 3 assistant or examiner who is convicted of

~~theft, burglary,~~

-  
9 4

~~robbery, larceny or embezzlement as a result of a violation of~~

-  
9 5

~~the laws of this state or of the United States~~

- a felony while

9 6 holding such position shall be immediately discharged from  
9 7 employment and shall be forever disqualified from holding any  
9 8 position in the banking division.

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

9 12 524.212 PROHIBITION AGAINST DISCLOSURE.

9 13 The superintendent, deputy superintendent, assistant to the  
9 14 superintendent, examiner, or other employee of the banking  
9 15 division shall not disclose, in any manner, to any person  
9 16 other than the person examined and those regulatory agencies  
9 17 referred to in section 524.217, subsection 2, any information  
9 18 relating specifically to the supervision and regulation of any  
9 19 state bank, persons subject to the provisions of chapter 533A,

9 20 533B, 536, or 536A, any affiliate of any state bank, or an  
9 21 affiliate of a person subject to the provisions of chapter  
9 22 533A, 533B, 536, or 536A, except when ordered to do so by a  
9 23 court of competent jurisdiction and then only in those  
9 24 instances referred to in section 524.215, subsections 1, 2, 3,  
9 25 and 5.  
9 26 Sec. 15. Section [524.215](#), Code 1995, is amended to read as  
9 27 follows:  
9 28 524.215 RECORDS OF

~~DEPARTMENT~~

- DIVISION OF BANKING.

9 29 All records of the

~~department~~

- division of banking shall be

9 30 public records subject to the provisions of chapter 22, except  
9 31 that all papers, documents, reports, reports of examinations  
9 32 and other writings relating specifically to the supervision  
9 33 and regulation of any state bank or other person by the  
9 34 superintendent pursuant to the laws of this state shall not be  
9 35 public records and shall not be open for examination or  
10 1 copying by the public or for examination or publication by the  
10 2 news media.

10 3 The superintendent, deputy superintendent, assistants, or  
10 4 examiners shall not be subpoenaed in any cause or proceeding  
10 5 to give testimony concerning information relating specifically  
10 6 to the supervision and regulation of any state bank or other  
10 7 person by the superintendent pursuant to the laws of this  
10 8 state,

~~nor shall~~

- and the records of the banking division which

10 9 relate specifically to the supervision and regulation of any  
10 10 such state bank or other such person shall not be offered in  
10 11 evidence in any court or subject to subpoena by any party  
10 12 except, where relevant:

10 13 1. In such actions or proceedings as are brought by the  
10 14 superintendent.

10 15 2. In any matter in which an interested and proper party  
10 16 seeks review of a decision of the superintendent.

10 17 3. In any action or proceeding which arises out of the  
10 18 criminal provisions of the laws of this state or the United  
10 19 States.

10 20 4. In any action brought as a shareholders derivative suit  
10 21 against a state bank.

10 22 5. In any action brought to recover moneys

~~or to recover~~

-  
10 23

~~upon an indemnity bond for~~  
- the loss of which was a result of

10 24 embezzlement, misappropriation, or misuse of state bank funds  
10 25 by a director, officer, or employee of the state bank.

10 26 Sec. 16. Section [524.217](#), Code 1995, is amended to read as  
10 27 follows:

10 28 524.217 EXAMINATIONS.

10 29 1. The superintendent

~~shall have power to make~~

- may do all

10 30 of the following:

10 31 a. Make or cause to be made an examination of every state  
10 32 bank and trust company whenever in the superintendent's  
10 33 judgment such examination is necessary or advisable, but in no



10 34 event less frequently than once during each two-year period.  
10 35 During the course of each examination of a state bank or trust  
11 1 company, inquiry shall be made as to its financial condition,  
11 2 the security afforded to those to whom it is obligated, the  
11 3 policies of its management, whether the requirements of law  
11 4 have been complied with in the administration of its affairs,  
11 5 and such other matters as the superintendent may prescribe.  
11 6

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

11 7 b. Make or cause to be made such limited examinations at  
11 8 such times and with such frequency as the superintendent

~~may~~

11 9

~~deem~~

~~deems~~ necessary and advisable to determine the condition  
11 10 of any state bank or trust company and whether any person has  
11 11 violated any of the provisions of this chapter.  
11 12

~~2.~~

~~c.~~

~~The superintendent shall have power to make~~

~~Make~~ or

11 13 cause to be made an examination of any corporation in which  
11 14 the state bank or trust company owns shares

~~except~~

11 15

~~corporations described in paragraphs "a" and "b" of subsection~~

11 16

~~3 of section 524.901~~

~~The superintendent shall also have~~

11 17

~~power, upon~~

11 18 d. Upon application to and order of the district court of  
11 19 Polk county,

~~to~~

~~make~~ or cause to be made an examination of any  
11 20 person having business transactions or a relationship with any  
11 21 state bank or trust company when such

~~an~~

~~examination~~ is deemed  
11 22 necessary and advisable in order to determine whether the  
11 23 capital of the state bank or trust company is impaired or  
11 24 whether the safety of its deposits has been imperiled. The  
11 25 fee for any such examination shall be paid by the state bank  
11 26 or trust company.

11 27

~~3.~~

- e. To the extent necessary for the purpose of any  
11 28 examination provided for by this section and section 524.1105,  
11 29

~~the superintendent shall have the power to~~

- examine all  
11 30 relevant books, records, accounts, and documents and

~~to~~

- compel  
11 31 the production of the same in the manner prescribed by section  
11 32 524.214.  
11 33

~~4.~~

- 2. The superintendent may furnish to the federal  
11 34 deposit insurance corporation, the federal reserve system, the  
11 35 office of the comptroller of the currency, the office of  
12 1 thrift supervision, national credit union administration, the  
12 2 federal home loan bank, and financial institution regulatory  
12 3 authorities of other states, or to any official or supervising  
12 4 examiner

~~thereof~~

- of such regulatory authorities, a copy of the  
12 5 report of any or all examinations made of any state bank and  
12 6 of any affiliate of a state bank.  
12 7

~~5.~~

- 3. A copy of the report of each examination of a state  
12 8 bank or trust company shall be transmitted by the  
12 9 superintendent to the board of directors of the state bank or  
12 10 trust company except to the extent that the report of any such  
12 11 examination may be confidential to the superintendent, and  
12 12 each member of the board of directors shall furnish to the  
12 13 superintendent, on forms to be supplied by the superintendent,  
12 14 a statement that the member has read the report of  
12 15 examination.  
12 16

~~6.~~

- 4. All reports of examinations, including any copies  
12 17

~~thereof~~

- of such reports, in the possession of any person other  
12 18 than the superintendent or employee of the banking division,  
12 19 including any state bank or any agency to which any report of  
12 20 such examination may be furnished under subsection

~~4 of this~~

-  
12 21

~~section~~

- 2, shall be confidential communications, shall not be  
12 22 subject to subpoena from such persons, and shall not be  
12 23 published or made public by such persons.  
12 24

~~7.~~

- 5. The report of examination of any affiliate or of any  
12 25 person examined as provided for in subsection

~~2~~

- 1, paragraph

12 26 "c" or "d", shall not be transmitted by the superintendent to  
12 27 any such affiliate or person or to any state bank or trust  
12 28 company or to the board of directors of any state bank or  
12 29 trust company unless authorized or requested by such affiliate  
12 30 or person.  
12 31 Sec. 17. Section [524.219](#), Code 1995, is amended to read as  
12 32 follows:  
12 33 524.219 FEES

~~FOR EXAMINATIONS~~

12 34 A state bank subject to examination, supervision, and  
12 35 regulation by the superintendent, shall pay to the  
13 1 superintendent

~~a fee~~

- ~~fees~~, established by the state banking  
13 2 board, based on the

~~time required for the examination and the~~

13 3

~~administrative~~

- costs and expenses incurred in the discharge of  
13 4 the duties imposed upon the superintendent by this chapter.  
13 5 The

~~fee~~

- ~~fees~~ shall include, but are not

~~be~~

- limited to costs  
13 6 and expenses for salaries, expenses and travel for employees,  
13 7 office facilities, supplies, and equipment.

~~Such fee shall~~

13 8

~~apply equally to all state banks.~~

13 9 The

~~fee~~

- ~~fees~~ for examination of any affiliate of a state  
13 10 bank as provided for in section 524.1105, and the examinations  
13 11 provided for in section 524.217, subsection

~~2~~

- 1, paragraphs

13 12 "c" and "d", shall be established by the state banking board,  
13 13 based on the time required for the examination and the  
13 14 administrative costs and expenses incurred in the discharge of  
13 15 the duties imposed upon the superintendent by this chapter.  
13 16 The

~~fee~~

- ~~fees~~ shall include, but not be limited to costs and  
13 17 expenses for salaries, expenses and travel for employees,  
13 18 office facilities, supplies, and equipment.  
13 19 Upon completion of each examination required or allowed by  
13 20 this chapter, the examiner in charge of

~~such~~

- ~~the~~ examination  
13 21 shall render a bill for

~~such fee~~

- ~~the fees~~, in duplicate, and  
13 22 shall deliver one copy

~~thereof~~

- ~~of the bill~~ to the state bank  
13 23

~~or private bank~~

- and one copy to the superintendent.

13 24 PARAGRAPH DIVIDED. Failure to pay the amount of

~~such fee~~

-  
13 25 ~~the fees~~ to the superintendent within ten days after the date  
13 26 of

~~the close of each such examination~~

- ~~billing~~ shall subject

13 27 the state bank

~~or private bank~~

- to an additional

~~fee~~

- ~~charge~~

13 28 equal to five percent of the amount of

~~such fee~~

- ~~the fees~~ for

13 29 each day the payment is delinquent.

13 30 Sec. 18. Section [524.220](#), subsections 2 and 3, Code 1995,

13 31 are amended to read as follows:

13 32 2. The statement shall be transmitted to the

13 33 superintendent within thirty days after the

~~receipt of a~~

-  
13 34

~~request for the statement from the superintendent~~

- ~~end of each~~

13 35 calendar quarter.

~~A statement shall be called for by the~~

-  
14 1

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

-  
14 2 3.

~~Within forty days after the date of the receipt of the~~

-  
14 3

~~request for a statement of condition, the~~

- ~~The~~ state bank shall

14 4 cause the statement of condition filed for a calendar quarter

14 5 which ends on June 30 to be published no later than the

14 6 following August 15 and the statement of condition filed for a

14 7 calendar quarter which ends on December 31 to be published

14 8

~~once~~

- no later than February 15 of the following year in a

14 9 newspaper of general circulation in the municipal corporation  
14 10 or unincorporated area in which the state bank has its  
14 11 principal place of business, or if there is none, in a  
14 12 newspaper of general circulation published in the county, or  
14 13 in a county adjoining the county, in which the state bank has  
14 14 its principal place of business. Proof of such publication by  
14 15 affidavit of the publisher of the newspaper in which it was  
14 16 made, shall be delivered to the superintendent and

~~shall be~~

~~is~~

14 17 conclusive evidence of the fact.  
14 18 Sec. 19. Section [524.224](#), subsection 9, Code 1995, is  
14 19 amended to read as follows:  
14 20 9. The state bank has failed to renew its corporate  
14 21 existence in the manner provided for in section

~~524.106~~

14 22 [524.314](#) within one hundred eighty days prior to the expiration  
14 23 thereof.  
14 24 Sec. 20. Section [524.301](#), Code 1995, is amended to read as  
14 25 follows:  
14 26 524.301 INCORPORATORS.  
14 27 A state bank may be incorporated under this chapter by

~~not~~

14 28

~~less than five~~

~~one or more~~ individuals eighteen years of age  
14 29 or older, a majority of whom shall be

~~citizens~~

~~residents~~ of  
14 30 this state and

~~all of whom shall be~~

~~citizens~~ of the United  
14 31 States.  
14 32 Sec. 21. Section [524.302](#), Code 1995, is amended to read as  
14 33 follows:  
14 34 524.302 ARTICLES OF INCORPORATION.  
14 35 1. The articles of incorporation of a state bank, in the  
15 1 form prescribed by the superintendent, shall set forth the  
15 2 following:  
15 3

~~1.~~

~~a.~~ The name of the state bank, that it is incorporated  
15 4 for the purpose of conducting the business of banking, and  
15 5 that it is incorporated under the provisions of this chapter.  
15 6

~~2.~~

~~b.~~ The location of its proposed

~~or existing~~

~~principal~~  
15 7 place of business including the name of the

~~county,~~

~~municipal~~  
15 8 corporation

~~or unincorporated area~~

~~- and county.~~

15 9

~~- 3.~~

~~- c.~~ The duration of the state bank which shall be  
15 10 perpetual.

15 11

~~- 4.~~

~~- d.~~ The aggregate number of common and preferred shares  
15 12 which the state bank shall have authority to issue

~~- and the~~

15 13 par value of such shares

~~- ; if~~

~~- .~~ If such shares are to be  
15 14 divided into classes or series, the number of shares of each  
15 15 class or series and a statement of the par value of the shares  
15 16 of each class or series.

15 17

~~- 5.~~ ~~If there is to be a preferred class, a statement of the~~

15 18

~~- preferences, voting rights, if any, limitations and relative~~

15 19

~~- rights in respect of the shares of such class.~~

15 20

~~- 6.~~ ~~Any provision, permissible under section 524.506,~~

15 21

~~- limiting or denying the shareholders the pre-emptive right to~~

15 22

~~- acquire additional shares of the state bank.~~

15 23

~~- 7.~~ ~~Any provision, not inconsistent with law, which the~~

15 24

~~- incorporators elect to set forth in the articles of~~

15 25

~~- incorporation for the regulation of the internal affairs of~~

15 26

~~- the corporation, including any provision restricting the~~

15 27

~~- transfer of shares and any provision which under this chapter~~

15 28

~~is required or permitted to be set forth in the bylaws.~~

15 29

~~8.~~

~~e.~~ The number of directors constituting the initial  
15 30 board of directors and the names and addresses of the  
15 31 individuals who are to serve as directors until the first  
15 32 annual meeting of shareholders or until their successors be  
15 33 elected and qualify.

15 34

~~9.~~

~~f.~~ The name and address of each incorporator.

15 35 g. The specific month in which the annual meeting of  
16 1 shareholders is to be held.

16 2 2. The articles of incorporation may set forth any or all  
16 3 of the following:

16 4 a. Provisions not inconsistent with law regarding:

16 5 (1) Managing the business and regulating the affairs of  
16 6 the corporation.

16 7 (2) Defining, limiting, and regulating the affairs of the  
16 8 corporation.

16 9 b. Any provision required or permitted by this chapter to  
16 10 be set forth in the bylaws.

16 11

~~10.~~

~~c.~~

~~At the election of the incorporators or~~

16 12

~~shareholders, a~~

~~A provision eliminating or limiting the~~  
16 13 ~~personal liability of a director to the corporation or its~~  
16 14 ~~shareholders for monetary damages for breach of fiduciary duty~~  
16 15 ~~as a director, provided that the provision does not eliminate~~  
16 16 ~~or limit the liability of a director for any breach of the~~  
16 17 ~~director's duty of loyalty to the corporation or its~~  
16 18 ~~shareholders, for acts or omissions not in good faith or which~~  
16 19 ~~involve intentional misconduct or a knowing violation of law,~~  
16 20 ~~for any transaction from which the director derives an~~  
16 21 ~~improper personal benefit, or under section 524.605,~~  
16 22 ~~subsection 1~~

~~and~~

~~or 2.~~ A provision shall not eliminate or  
16 23 limit the liability of a director for any act or omission  
16 24 occurring prior to the date when the provision in the articles  
16 25 of incorporation becomes effective.

16 26

~~11. The specific month in which the annual meeting of~~

16 27

~~shareholders shall be held.~~

16 28

~~12. Any provision not inconsistent with law or the~~

16 29

~~purposes for which the state bank is organized, which the~~

16 30

~~incorporators elect to set forth; or any provision limiting~~

16 31

~~any of the powers enumerated in this chapter.~~

16 32 3.

~~It shall not be necessary to set forth in the~~

~~The~~

16 33 articles of incorporation need not set forth any of the

16 34 corporate powers enumerated in this chapter. The articles of

16 35 incorporation shall be signed by all of the incorporators and

17 1 acknowledged before an officer authorized to take

17 2 acknowledgments of deeds.

17 3 Sec. 22. Section 524.303, unnumbered paragraph 2, Code

17 4 1995, is amended by striking the unnumbered paragraph.

17 5 Sec. 23. Section 524.304, Code 1995, is amended to read as

17 6 follows:

17 7 524.304 PUBLICATION OF NOTICE.

17 8 1. The incorporators of a state bank shall, within thirty

17 9 days of the acceptance of the application for processing,

17 10 publish notice of

~~their intention to deliver, or the delivery~~

17 11

~~of, the articles of~~

~~the proposed~~ incorporation

~~to the~~

17 12

~~superintendent,~~

~~once each week for two successive weeks in a~~

17 13 newspaper of general circulation

~~published~~

~~in the municipal~~

17 14 corporation which is proposed as the principal place of

17 15 business of the state bank, or if there is none, a newspaper

17 16 of general circulation

~~published~~

~~in the county, or in a county~~

17 17 adjoining the county, in which the proposed state bank is to

17 18 have its principal place of business. The

~~first publication~~

17 19

~~of the~~

~~notice~~

~~shall appear prior to, or within ten days after,~~

17 20

~~the date of delivery of the articles of incorporation to the~~

17 21



~~superintendent and~~

- shall set forth all of the following:

17 22

~~1.~~

- a. The name of the proposed state bank.

17 23

~~2.~~

- b. A statement that it is to be incorporated under this  
17 24 chapter.

17 25

~~3.~~

- c. The purpose or purposes of the state bank.

17 26

~~4.~~

- d. The names and addresses of the incorporators and of  
17 27 the members of the initial board of directors as they appear,  
17 28 or will appear, in the articles of incorporation.

17 29

~~5.~~

- e. The date

~~of the delivery of the articles of~~

17 30

~~incorporation to the superintendent~~

- the application was

17 31 accepted for processing.

17 32

~~6.~~

- f. If the incorporation of the state bank has been  
17 33 approved by the superintendent under section 524.305,  
17 34 subsection 6, the name and address of the bank with which the  
17 35 state bank will have merged

~~or consolidated~~

-, or the assets of

18 1 which the state bank will have acquired or the condition of

18 2 which in some other way provided a purpose for the

18 3 incorporation.

18 4 2. Proof of publication of the notice by affidavit of the

18 5 publisher of the newspaper in which the notice appears shall

18 6 be filed with the superintendent and is conclusive evidence of

18 7 the publication.

18 8 Sec. 24. Section [524.305](#), Code 1995, is amended to read as  
18 9 follows:

18 10 524.305 APPROVAL BY SUPERINTENDENT.

18 11 1. Upon receipt of an application for approval of a state

18 12 bank, the superintendent shall conduct

~~such~~

- an investigation

18 13 as the superintendent deems necessary to ascertain whether:

18 14 a. The articles of incorporation and supporting items

18 15 satisfy the requirements of this chapter.

18 16 b. The convenience and needs of the public will be served

18 17 by the proposed state bank.

18 18 c. The population density or other economic

18 19 characteristics of the area primarily to be served by the

18 20 proposed state bank afford reasonable promise of adequate

18 21 support for the state bank.

18 22 d. The character and fitness of the incorporators and of  
18 23 the members of the initial board of directors are such as to  
18 24 command the confidence of the community and to warrant the  
18 25 belief that the business of the proposed state bank will be  
18 26 honestly and efficiently conducted.

18 27 e. The capital structure of the proposed state bank is  
18 28 adequate in relation to the amount of the anticipated business  
18 29 of the state bank and the safety of prospective depositors.

18 30 f. The proposed state bank will have sufficient personnel  
18 31 with adequate knowledge and experience to conduct the business  
18 32 of the state bank, and to administer fiduciary accounts, if  
18 33 the state bank is to be authorized to act in a fiduciary  
18 34 capacity.

18 35 2. Within one hundred eighty days after

~~receipt of~~

~~the~~

19 1 application

~~for approval together with the items referred to~~

~~19 2~~

~~in section 524.303, subsections 1 and 2~~

~~is accepted for~~

19 3 processing, the superintendent shall

~~make a determination~~

~~19 4~~

~~whether to~~

~~approve or disapprove the~~

~~pending~~

~~application on~~

19 5 the basis of the investigation.

19 6 3. Within

~~ninety~~

~~thirty days after the date of the second~~

19 7 publication of the notice

~~referred to in~~

~~required under~~

19 8 section 524.304, any interested person

~~opposing the pending~~

~~19 9~~

~~application shall file written objections with the~~

~~19 10~~

~~superintendent~~

~~may submit written comments and information to~~

19 11 the superintendent concerning the application.

~~Following the~~

~~19 12~~

~~expiration of the ninety day period and prior to making a~~

~~19 13~~

~~determination on the pending application, the superintendent~~

19 14

~~shall give adequate notice of the pending application, and may~~

19 15

~~afford all interested persons, including the incorporators, an~~

19 16

~~opportunity for a stenographically reported hearing during~~

19 17

~~which such persons shall be allowed to present evidence in~~

19 18

~~support of, or in opposition to, the pending application.~~

19 19 Comments challenging the legality of an application must be  
19 20 submitted separately in writing. The superintendent may  
19 21 extend the thirty-day comment period, if, in the judgment of  
19 22 the superintendent, extenuating circumstances which justify  
19 23 the extension exist.

19 24

~~The superintendent shall conduct such hearing if any~~

19 25

~~interested person files an objection to the pending~~

19 26

~~application and requests a hearing.~~

19 27 3A. Within thirty days after the date of the second  
19 28 publication of the notice required by section 524.304, any  
19 29 interested person may submit a written request of the  
19 30 superintendent for a hearing on the application. The request  
19 31 shall state the nature of the issues or facts to be presented  
19 32 and the reasons why written submissions would be insufficient  
19 33 to make an adequate presentation to the superintendent. If  
19 34 the reasons are related to factual disputes, the disputes  
19 35 shall be described. A written request for a hearing shall be  
20 1 evaluated by the superintendent, who may grant or deny the  
20 2 request in whole or in part. A hearing request shall  
20 3 generally be granted only if it is determined that written  
20 4 submissions would be inadequate or that a hearing would  
20 5 otherwise be beneficial to the decision-making process. A  
20 6 hearing may be limited to issues considered material by the  
20 7 superintendent.

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

20 19 The superintendent may waive this seven-day period if  
20 20 requested by the applicant. A copy of any response submitted  
20 21 by the applicant shall also be mailed by the applicant to the  
20 22 interested persons at the time the response is submitted to  
20 23 the superintendent.

20 24 4. If the superintendent approves the

~~pending~~

- application,

20 25 the superintendent shall

~~deliver the articles of~~

20 26

~~incorporation, with the superintendent's approval indicated~~

20 27

~~thereon, to the secretary of state and~~

- notify the

20 28 incorporators, and such other persons who requested in writing

20 29 that they be notified, of

~~such~~

- the approval. If the

20 30 superintendent disapproves the

~~pending~~

- application, the

20 31 superintendent shall notify the incorporators of the action

20 32 and the reason for the decision.

20 33 5. The actions of the superintendent shall be subject to

20 34 judicial review in accordance with

~~the terms of the Iowa~~

20 35

~~administrative procedure Act~~

- chapter 17A. The court may award

21 1 damages to the incorporators if it finds that review is sought

21 2 frivolously

~~and~~

- or in bad faith.

21 3 6.

~~Subsection 3 of this section~~

- Subsections 3, 3A, and 3B

21 4 shall not apply if the superintendent finds that one of the

21 5 purposes of the proposed state bank is the merger

~~or~~

21 6

~~consolidation~~

- with, or the purchase of some or all of the

21 7 assets of and assumption of some or all of the liabilities of,

21 8 a bank for which a receiver has been appointed or which has

21 9 been ordered, by authorities of this state or the United

21 10 States, to cease to carry on its business, or if the

21 11 superintendent finds for any other reason that immediate

21 12 action on the pending application is advisable in order to

21 13 protect the interests of depositors or the assets of any other

21 14 bank.

~~Before~~

- ~~As a condition of~~ receiving the decision of the  
21 16 superintendent with respect to the

~~pending~~

- application the  
21 17 incorporators shall

~~, upon notice,~~

- reimburse the superintendent  
21 18

~~to the extent of the~~

- ~~for all~~ expenses incurred by the  
21 19 superintendent in connection with the application.

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

21 23 524.306 INCORPORATION OF STATE BANK.

21 24 1. Unless a delayed effective date or time is specified,  
21 25 the corporate existence of a state bank begins when the  
21 26 articles of incorporation, with the superintendent's approval  
21 27 indicated on the articles of incorporation, are filed with the  
21 28 secretary of state. The secretary of state shall record the  
21 29 articles of incorporation and forward a copy of them to the  
21 30 county recorder of the county in which the state bank is to  
21 31 have its principal place of business.

21 32 2. The secretary of state's filing of the articles of  
21 33 incorporation is conclusive proof that the incorporators  
21 34 satisfied all conditions precedent to incorporation, except in  
21 35 a proceeding instituted by the superintendent to cancel or  
22 1 revoke the incorporation or involuntarily dissolve the  
22 2 corporation.

22 3 Sec. 26. Section [524.307](#), Code 1995, is amended by  
22 4 striking the section and inserting in lieu thereof the  
22 5 following:

22 6 524.307 ORGANIZATION OF STATE BANK.

22 7 Upon incorporation of the state bank, the initial board of  
22 8 directors shall hold an organizational meeting within this  
22 9 state, at the call of a majority of the directors, to complete  
22 10 the organization of the state bank by electing officers,  
22 11 adopting bylaws, if any are to be adopted, and conducting any  
22 12 other business properly brought before the board at the  
22 13 meeting.

22 14 Sec. 27. Section [524.308](#), subsection 1, Code 1995, is  
22 15 amended by striking the subsection.

22 16 Sec. 28. Section [524.308](#), subsection 3, Code 1995, is  
22 17 amended to read as follows:

22 18 3. If a state bank transacts any business before receipt  
22 19 of an authorization to do business in violation of subsection  
22 20 2, the directors and officers who willfully authorized or  
22 21 participated in

~~such~~

- ~~the~~ action

~~shall be~~

- ~~are~~ severally liable  
22 22 for the debts and liabilities of the state bank incurred prior  
22 23 to the receipt of the authorization to do business.

22 24 Sec. 29. Section [524.309](#), Code 1995, is amended to read as  
22 25 follows:

22 26 524.309 PUBLICATION OF AUTHORIZATION TO DO BUSINESS.

22 27 1. A state bank shall cause to be published once within  
22 28 two weeks after the issuance by the superintendent of the

22 29 authorization to do business, in a newspaper of general  
22 30 circulation

~~published~~

- in the municipal corporation which is  
22 31 the principal place of business of the state bank, or if there  
22 32 is none, a newspaper of general circulation

~~published~~

- in the  
22 33 county, or in a county adjoining the county, in which the  
22 34 state bank has its principal place of business, a notice which  
22 35 shall state all of the following:  
23 1

~~1.~~

- a. The name of the state bank, the address of its  
23 2 principal place of business, and the date of the issuance of  
23 3 the authorization to do business.  
23 4

~~2.~~

- b. The names and addresses of the members of the  
23 5 initial board of directors as designated in the articles of  
23 6 incorporation.  
23 7

~~3.~~

- c. That the shareholders shall not be personally liable  
23 8 for the debts and obligations of the state bank.  
23 9 2. Proof of

~~such~~

- publication, by affidavit of the  
23 10 publisher of the newspaper in which it was made, shall be  
23 11 filed

~~with the secretary of state and~~

- with the superintendent,  
23 12 and

~~shall be~~

- is conclusive evidence of the fact.

23 13 Sec. 30. Section [524.310](#), subsections 1 and 2, Code 1995,  
23 14 are amended to read as follows:

23 15 1. The name of a state bank originally incorporated after  
23 16 the effective date of this chapter shall include the word  
23 17 "bank" and may include the word "state" or "trust" in its  
23 18 name.

~~If a~~

- A state bank

~~uses~~

- using the word "trust" in its  
23 19 name

~~, it~~

- must be authorized under this chapter to act in a  
23 20 fiduciary capacity.

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

~~524.106~~

- ~~524.314.~~

23 26 Sec. 31. Section [524.312](#), subsections 1 and 2, Code 1995,  
23 27 are amended to read as follows:

23 28 1. A state bank originally incorporated pursuant to this  
23 29 chapter shall have its principal place of business within the  
23 30

~~confines~~

- ~~city limits~~ of a municipal corporation. The

23 31 existence of a state bank shall not, however, be affected by  
23 32 the subsequent discontinuance of the municipal corporation. A  
23 33 state bank existing and operating on January 1, 1970, which  
23 34 does not have its principal place of business within the  
23 35

~~confines~~

- ~~city limits~~ of a municipal corporation, may renew its

24 1 corporate existence pursuant to section

~~524.106~~

- ~~524.314~~

24 2 without regard to this section and may also operate as a bank  
24 3 or convert to and operate as a bank office when acquired by or  
24 4 merged into another state bank and approved by the  
24 5 superintendent.

24 6 2. A state bank may, with the prior written approval of  
24 7 the superintendent, change the location of its principal place  
24 8 of business to a new location. A change of location shall be  
24 9 limited to another location in the same municipal corporation,  
24 10 to a location in a municipal corporation in the same county,  
24 11 or to a location in a municipal corporation in

~~counties~~

-  
24 12

~~surrounding and~~

- ~~a county that is~~ contiguous to or touching or

24 13 cornering on the county in which the state bank is located.  
24 14 If a state bank has its principal place of business in an  
24 15 unincorporated area, the superintendent may authorize a change  
24 16 of location of its principal place of business to a new  
24 17 location within the same unincorporated area as well as to any  
24 18 location referred to in

~~the preceding sentence~~

- ~~this~~

24 19 subsection.

24 20 Sec. 32. Section [524.312](#), Code 1995, is amended by adding  
24 21 the following new subsections:

24 22 NEW SUBSECTION. 2A. If a change in the location of the  
24 23 principal place of business of a state bank is proposed,  
24 24 application for approval of the superintendent shall be made  
24 25 as required by the superintendent pursuant to this section. A  
24 26 change in location of the principal place of business of a  
24 27 state bank, including a change from one municipal corporation  
24 28 to another municipal corporation within an urban complex,  
24 29 requires an amendment to the articles of incorporation  
24 30 pursuant to sections 524.1502, 524.1504, and 524.1506. A  
24 31 state bank seeking approval of a change of location pursuant  
24 32 to this subsection shall publish once each week for two  
24 33 consecutive weeks a notice of the proposed change of location  
24 34 in a newspaper of general circulation in the municipal  
24 35 corporation or unincorporated area in which the state bank has  
25 1 its principal place of business, or if there is none, in a  
25 2 newspaper of general circulation in the county, or in a county  
25 3 adjoining the county, in which the state bank has its

25 4 principal place of business, and in the municipal corporation  
25 5 in which it seeks to establish its principal place of  
25 6 business, or if there is none, in a newspaper of general  
25 7 circulation in the county, or in a county adjoining the  
25 8 county, in which the municipal corporation is located. The  
25 9 notices shall be published within thirty days after the  
25 10 application to the superintendent for approval of the change  
25 11 in location is accepted for processing. The notice shall set  
25 12 forth the name of the state bank, the present location of its  
25 13 principal place of business, the location to which it proposes  
25 14 to move its principal place of business, and the date upon  
25 15 which the application was accepted for processing by the  
25 16 superintendent.

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

26 3 Sec. 33. Section [524.313](#), Code 1995, is amended to read as  
26 4 follows:

26 5 524.313 BYLAWS.

26 6

~~The initial bylaws, if any, of a~~

~~- A state bank~~

~~- shall be~~

~~-~~

26 7

~~- adopted by its board of directors~~

~~- may adopt bylaws.~~ The power

26 8 to

~~- alter,~~

~~- adopt, amend, or repeal bylaws or adopt new bylaws~~

26 9

~~- shall be~~

~~- is~~ vested in the board of directors unless reserved

26 10 to the shareholders by the articles of incorporation. The

26 11 bylaws may contain any provisions for the regulation and

26 12 management of the affairs of the state bank not inconsistent

26 13 with law or the articles of incorporation.

26 14 Sec. 34. NEW SECTION. 524.314 RENEWAL OF CORPORATE

26 15 EXISTENCE OF EXISTING STATE BANK.

26 16 1. The corporate existence of a state bank existing and

26 17 operating on January 1, 1970, which expires subsequent to that

26 18 date, may be renewed prior to the expiration date of the

26 19 corporate existence, following the affirmative vote of the

26 20 holders of at least a majority of the shares entitled to vote



26 21 on the renewal, at a meeting held for that purpose and called  
26 22 as provided by section 524.509, and delivery to the  
26 23 superintendent of the articles of incorporation together with  
26 24 the applicable filing and recording fees for the filing and  
26 25 recording. If the superintendent finds that the articles of  
26 26 incorporation satisfy the requirements of this section, the  
26 27 superintendent shall deliver them to the secretary of state  
26 28 for filing and recording in the secretary of state's office.  
26 29 Following the receipt of the articles of incorporation, the  
26 30 secretary of state shall proceed as provided in section  
26 31 524.306.

26 32 2. Sections 524.303, 524.304, 524.305, 524.307, 524.308,  
26 33 and 524.309 are not applicable to a state bank existing and  
26 34 operating on January 1, 1970, which renews its corporate  
26 35 existence as provided in subsection 1.

27 1 3. The renewal of the corporate existence of a state bank  
27 2 pursuant to this section shall not affect any right accrued or  
27 3 established, or any liability or penalty incurred, under the  
27 4 laws of this state or of the United States, prior to the  
27 5 issuance of a certificate of incorporation by the secretary of  
27 6 state.

27 7 Sec. 35. Section [524.401](#), Code 1995, is amended to read as  
27 8 follows:

27 9 524.401 MINIMUM CAPITAL.

27 10 1. The minimum capital of a state bank existing and  
27 11 operating on

~~January~~  
~~July 1,~~

~~1970~~

~~1995, shall be as follows:~~

27 12 a. The amount required by subsection 2

~~of this section:~~

27 13

~~or~~

27 14 b.

~~Such lesser~~

~~An amount~~

~~as~~

~~less than that provided for~~

27 15 under paragraph "a" which the state bank had on

~~January~~

~~July~~

27 16 1,

~~1970~~

~~1995, but not less than the minimum amount required by~~  
27 17 law prior to

~~such~~

~~that~~ date.

27 18 2. The minimum capital of a state bank originally  
27 19 incorporated pursuant to the provisions of this chapter shall  
27 20 not be less than

~~one hundred thousand dollars~~

~~the amount~~

27 21 required by the federal deposit insurance corporation, or its  
27 22 successor, or

~~such higher~~

- a greater amount which the

27 23 superintendent may deem necessary in view of the deposit  
27 24 potential of the state bank and current banking standards  
27 25 relating to total capital requirements.

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

27 30 Sec. 36. Section [524.404](#), subsections 1 and 3, Code 1995,  
27 31 are amended to read as follows:

27 32 1. A state bank

~~may~~

- , with the prior approval of the

27 33 superintendent and the affirmative vote of the holders of

~~at~~

-

27 34

~~least three fourths~~

- a majority of the shares entitled to vote

27 35

~~thereon~~

- , may issue capital notes or debentures. The amounts,

28 1 maturities, rate of interest, relative rights with other

28 2 creditors, and other terms and conditions shall be set forth

28 3 on the face of the capital notes or debentures or in an

28 4 attendant agreement, and all

~~such~~

- terms and conditions

~~shall~~

-

28 5

~~be~~

- are subject to the prior approval of the superintendent

28 6 provided that all such capital notes and debentures shall be

28 7 subordinated to the rights of other persons to the extent

28 8 provided for in section 524.1312. The aggregate amount of all

28 9 capital notes and debentures issued and outstanding pursuant

28 10 to this section shall not exceed, at any one time, twenty-five

28 11 percent of the aggregate capital

~~and surplus~~

- of the state

28 12 bank.

28 13 3.

~~No~~

- A state bank

~~may~~

- shall not issue capital notes or

28 14 debentures within five years after it is originally authorized

28 15 to do business.

28 16 Sec. 37. Section [524.405](#), Code 1995, is amended to read as

28 17 follows:

28 18 524.405 INCREASE OR DECREASE OF CAPITAL STRUCTURE.

28 19 1. A state bank

~~may~~

-, with the approval of the  
28 20 superintendent, may increase its capital structure or effect  
28 21 an allocation of amounts within its capital structure, by the  
28 22 use of any of the following methods:  
28 23 a. Sale of authorized but unissued shares.  
28 24 b. Transfer of surplus or undivided profits to capital for  
28 25 authorized but unissued shares.  
28 26 c. Transfer of undivided profits to surplus.  
28 27 d. Authorization and issuance of common shares, preferred  
28 28 shares, or capital notes or debentures

~~as provided in section~~

28 29

~~524.404~~

28 30 2.

~~Whenever~~

- The superintendent, whenever it

~~shall appear~~

28 31 appears necessary to do so in the interest of the safety of  
28 32 the deposits of a state bank,

~~the superintendent~~

- may require

28 33 that the capital structure of the state bank be increased by  
28 34 either of the methods provided for in subsection 1, paragraphs  
28 35 "a" and "d"

~~of subsection 1~~

29 1 3.

~~Neither capital nor~~

- Capital or surplus shall not be

29 2 decreased except with the approval of the superintendent.

29 3 Sec. 38. Section 524.501, Code 1995, is amended by

29 4 striking the section and inserting in lieu thereof the

29 5 following:

29 6 524.501 AUTHORIZED SHARES.

29 7 1. The articles of incorporation must prescribe the  
29 8 classes of shares and the number of shares of each class that  
29 9 the state bank is authorized to issue. If more than one class  
29 10 of shares is authorized, the articles of incorporation must  
29 11 prescribe a distinguishing designation for each class. Prior  
29 12 to the issuance of shares of a class, the preferences,  
29 13 limitations, and relative rights of that class must be  
29 14 described in the articles of incorporation. All shares of a  
29 15 class must have preferences, limitations, and relative rights  
29 16 identical with those of other shares of the same class except  
29 17 to the extent otherwise permitted by section 524.502.

29 18 2. The articles of incorporation must authorize both of  
29 19 the following:

29 20 a. One or more classes of shares that together have  
29 21 unlimited voting rights.

29 22 b. One or more classes of shares, which may be the same  
29 23 class or classes as those with voting rights, that together  
29 24 are entitled to receive the net assets of the state bank upon  
29 25 dissolution.

29 26 3. The articles of incorporation may authorize one or more  
29 27 classes of shares that have any of the following qualities:

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

29 30 b. Are redeemable or convertible as specified in the  
29 31 articles of incorporation in any of the following ways:  
29 32 (1) At the option of the state bank, the shareholders, or  
29 33 another person or upon the occurrence of a designated event.  
29 34 (2) For cash, indebtedness, securities, or other property.  
29 35 (3) In a designated amount or in an amount determined in  
30 1 accordance with a designated formula or by reference to  
30 2 extrinsic data or events.

30 3 c. Preferred shares are redeemable only by resolution of  
30 4 the board of directors with the prior approval of the  
30 5 superintendent. Preferred shares which are redeemable  
30 6 according to the terms of their issuance shall be redeemed  
30 7 only in accordance with such terms. Preferred shares which  
30 8 are redeemed shall be canceled and shall not be reissued.  
30 9 Preferred shares which are not redeemable according to the  
30 10 terms of their issuance are redeemable only pro rata, by lot,  
30 11 or by such other equitable method as determined by the board  
30 12 of directors.

30 13 d. (1) If preferred shares are redeemed by a state bank,  
30 14 the redemption effects a cancellation of the shares, and a  
30 15 statement of cancellation shall be filed as provided in this  
30 16 paragraph. The filing of the statement of cancellation  
30 17 constitutes an amendment to the articles of incorporation and  
30 18 reduces the number of preferred shares of the class which the  
30 19 state bank is authorized to issue by the number which are  
30 20 canceled.

30 21 (2) The statement of cancellation shall be executed by the  
30 22 state bank by its president or a vice president and by its  
30 23 cashier or an assistant cashier, and acknowledged by one of  
30 24 the officers signing such statement, and shall set forth all  
30 25 of the following:

30 26 (a) The name of the state bank and the effective date of  
30 27 its articles of incorporation.

30 28 (b) The number of preferred shares canceled through  
30 29 redemption, itemized by classes.

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

30 32 (d) The amount, expressed in dollars, of the stated  
30 33 capital of the state bank after giving effect to the  
30 34 cancellation.

30 35 (e) The number of shares which the state bank has  
31 1 authority to issue, itemized by classes, after giving effect  
31 2 to the cancellation.

31 3 (3) The statement of cancellation, together with the  
31 4 applicable filing and recording fees, shall be delivered to  
31 5 the superintendent who shall, if the superintendent finds the  
31 6 statement of cancellation satisfies the requirements of this  
31 7 section, deliver it to the secretary of state for filing and  
31 8 recording in the secretary of state's office and the statement  
31 9 of cancellation shall also be filed and recorded in the office  
31 10 of the county recorder. The capital of the state bank is  
31 11 deemed to be reduced by the par value of the shares canceled  
31 12 upon the effective date of the redemption.

31 13 e. Entitle the holders to distributions calculated in any  
31 14 manner, including dividends that may be cumulative,  
31 15 noncumulative, or partially cumulative.

31 16 f. Have preference over any other class of shares with  
31 17 respect to distributions, including dividends and  
31 18 distributions upon the dissolution of the state bank.

31 19 4. The description of the designations, preferences,  
31 20 limitations, and relative rights of share classes in  
31 21 subsection 3 is not all-inclusive.

31 22 5. Unless the articles of incorporation or bylaws  
31 23 otherwise provide, the board of directors, by resolution duly  
31 24 adopted and with the approval of the superintendent as  
31 25 provided in section 524.405, may issue from time to time, in  
31 26 whole or in part, the shares authorized by the articles of

31 27 incorporation.

31 28 Sec. 39. NEW SECTION. 524.501A TERMS OF CLASS OR SERIES  
31 29 DETERMINED BY BOARD OF DIRECTORS.

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

31 35 a. A class of shares before the issuance of any shares of  
32 1 that class.

32 2 b. One or more series within a class before the issuance  
32 3 of any shares of that series.

32 4 2. Each series of a class must be given a distinguishing  
32 5 designation.

32 6 3. All shares of a series must have preferences,  
32 7 limitations, and relative rights identical with those of other  
32 8 shares of the same series and, except to the extent otherwise  
32 9 provided in the description of the series, with those of other  
32 10 series of the same class.

32 11 4. Before issuing any shares of a class or series created  
32 12 under this section, the state bank shall deliver to the  
32 13 superintendent for filing with the secretary of state articles  
32 14 of amendment on forms prescribed by the superintendent, which  
32 15 are effective without shareholder action, that set forth all  
32 16 of the following:

32 17 a. The name of the state bank and the effective date of  
32 18 its articles of incorporation.

32 19 b. The text of the amendment determining the terms of the  
32 20 class or series of shares.

32 21 c. The date it was adopted.

32 22 d. A statement that the amendment was duly adopted by the  
32 23 board of directors.

32 24 Sec. 40. Section 524.502, Code 1995, is amended to read as  
32 25 follows:

32 26 524.502 CERTIFICATES REPRESENTING SHARES.

32 27 1. The shares of a state bank shall be represented by  
32 28 certificates signed by such officers, employees, or agents as  
32 29 are authorized by the articles of incorporation or bylaws to  
32 30 sign. If no contrary provisions are made in the articles of  
32 31 incorporation or bylaws,

~~such~~

~~the~~ certificates shall be signed  
32 32 by the president or a vice president and the cashier or an  
32 33 assistant cashier of the state bank

~~, and may be sealed with~~

32 34

~~the seal of the state bank or a facsimile thereof~~

~~The~~

32 35

~~signatures of the president or vice president and the cashier~~

33 1

~~or an assistant cashier or other persons signing for the state~~

33 2

~~bank upon a certificate may be facsimiles if the certificate~~

33 3

~~is countersigned by a transfer agent, or registered by a~~

33 4

~~registrar, other than the state bank itself or an employee of~~

33 5

~~the state bank. In case any officer or other authorized~~

33 6

~~person who has signed or whose facsimile signature has been~~

33 7

~~placed upon such certificate for the state bank shall have~~

33 8

~~ceased to be such officer or employee or agent before such~~

33 9

~~certificate is issued, it may be issued by the state bank with~~

33 10

~~the same effect as if the person were such officer or employee~~

33 11

~~or agent at the date of its issue. If a state bank is~~

33 12

~~authorized to issue preferred shares, every certificate issued~~

33 13

~~by the state bank shall set forth upon the face or back of the~~

33 14

~~certificate, or shall state that the state bank will furnish~~

33 15

~~to any shareholder upon request and without charge, a full~~

33 16

~~statement of the designations, preferences, limitations, and~~

33 17

~~relative rights of such preferred shares.~~

33 18

~~Each certificate representing shares shall state upon the~~

33 19

~~face thereof:~~

33 20 2. Each share certificate must state on its face, at a  
33 21 minimum, all of the following:  
33 22

~~1.~~

~~a.~~

~~That the~~

~~The name of the issuing state bank and that~~  
33 23 it is organized under the laws of this state.  
33 24

~~2.~~

~~b.~~ The name of the person to whom issued.  
33 25

~~3.~~

~~c.~~ The number and class of shares and the designation  
33 26 of the series, if any, which

~~such~~

~~the~~ certificate represents.  
33 27

~~4.~~

~~d.~~ The par value of each share represented by

~~such~~

~~the~~

33 28 certificate.

33 29 3. A state bank which is authorized to issue different  
33 30 classes of shares or different series within a class must do  
33 31 one of the following:

33 32 a. Summarize on the front or back of each certificate the  
33 33 designations, relative rights, preferences, and limitations  
33 34 applicable to each class; the variations in rights,  
33 35 preferences, and limitations determined for each series; and  
34 1 the authority of the board of directors to determine  
34 2 variations for future series.

34 3 b. State conspicuously on the front or back of each  
34 4 certificate that the state bank will furnish the shareholder  
34 5 this information on request in writing and without charge.

34 6 4. Each share certificate must be signed either manually  
34 7 or in facsimile by two officers as set forth in subsection 1,  
34 8 and may bear the corporate seal or its facsimile.

34 9 5. If the person who signed a share certificate no longer  
34 10 holds office when the certificate is issued, the certificate  
34 11 is nevertheless valid.

34 12 6.

~~No~~

~~A~~ certificate shall not be issued for any share  
34 13 until such share is fully paid.

34 14 Sec. 41. Section [524.503](#), Code 1995, is amended to read as  
34 15 follows:

34 16 524.503 CONSIDERATION FOR SHARES.

34 17

~~1.~~

~~Except in the case of a distribution of shares~~  
34 18 authorized by section 524.517 or shares issued upon exchanges  
34 19 or conversion, common or preferred shares of a state bank may  
34 20 be issued only for cash in an amount

~~which shall be at least:~~

34 21

~~a. In the case of the issuance of additional common shares~~

34 22

~~of an existing state bank, equal to the sum of the capital~~

34 23

~~represented by the common shares and the surplus of the state~~

34 24

~~bank divided by the number of common shares previously issued~~

34 25 not less than that determined by the superintendent.

34 26

~~b. In the case of the issuance of common shares of a~~

34 27

~~proposed state bank, the amount required to equal the sum of~~

34 28

~~the capital, to be represented by the common shares, the~~

34 29

~~surplus and the undivided profits, required by the~~

34 30

~~superintendent as a condition precedent to the issuance of an~~

34 31

~~authorization to do business, divided by the number of shares~~

34 32

~~to be issued.~~

34 33

~~2. Preferred shares of a state bank may be issued only for~~

34 34

~~cash and for an amount not less than that determined by the~~

34 35

~~superintendent.~~

35 1 Sec. 42. Section [524.504](#), Code 1995, is amended by  
35 2 striking the section and inserting in lieu thereof the  
35 3 following:

35 4 524.504 SUBSCRIPTION FOR SHARES BEFORE INCORPORATION.

35 5 1. A subscription for shares entered into before  
35 6 incorporation of the state bank is irrevocable for six months  
35 7 unless the subscription agreement provides a longer or shorter  
35 8 period, or all subscribers agree to revocation.

35 9 2. The board of directors may determine the payment terms  
35 10 of subscriptions for shares that were entered into before



35 11 incorporation of the state bank unless the subscription  
35 12 agreement specifies the terms. A call for payment by the  
35 13 board of directors must be uniform so far as practicable as to  
35 14 all shares of the same class or series, unless the  
35 15 subscription agreement specifies otherwise.

35 16 3. Shares issued pursuant to subscriptions entered into  
35 17 before incorporation of the state bank are fully paid and  
35 18 nonassessable when the state bank receives the consideration  
35 19 specified in the subscription agreement.

35 20 4. If a subscriber defaults in payment of money or  
35 21 property under a subscription agreement entered into before  
35 22 incorporation of the state bank, the state bank may do either  
35 23 of the following:

35 24 a. Collect the amount owed as any other debt.

35 25 b. Unless the subscription agreement provides otherwise,  
35 26 the state bank may rescind the agreement and may sell the  
35 27 shares if the debt remains unpaid more than twenty days after  
35 28 the state bank sends written demand for payment to the  
35 29 subscriber.

35 30 Sec. 43. NEW SECTION. 524.504A FRACTIONAL SHARES.

35 31 1. A state bank may do any of the following:

35 32 a. Issue fractions of a share or pay in money the value of  
35 33 fractions of a share.

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

36 1 c. Issue scrip in registered or bearer form entitling the  
36 2 holder to receive a full share upon surrendering enough scrip  
36 3 to equal a full share.

36 4 2. Each certificate representing scrip must be  
36 5 conspicuously labeled "scrip" and must contain the information  
36 6 required by section 524.502, subsection 2.

36 7 3. The holder of a fractional share is entitled to  
36 8 exercise the rights of a shareholder, including the right to  
36 9 vote, to receive dividends, and to participate in the assets  
36 10 of the state bank upon liquidation, but only if the scrip  
36 11 provides for such rights.

36 12 4. The board of directors may authorize the issuance of  
36 13 scrip subject to any condition considered desirable, including  
36 14 either of the following:

36 15 a. That the scrip will become void if not exchanged for  
36 16 full shares before a specified date.

36 17 b. That the shares for which the scrip is exchangeable may  
36 18 be sold and the proceeds paid to the scrip holders.

36 19 Sec. 44. Section [524.505](#), Code 1995, is amended by  
36 20 striking the section and inserting in lieu thereof the  
36 21 following:

36 22 524.505 LIABILITY OF SHAREHOLDERS.

36 23 1. A purchaser of the shares of a state bank is not liable  
36 24 to the bank, its creditors, or depositors with respect to the  
36 25 shares except to pay the consideration for which the shares  
36 26 were authorized to be issued under section 524.501, or the  
36 27 consideration specified in the subscription agreement  
36 28 authorized under section 524.504.

36 29 2. Unless otherwise provided in the articles of  
36 30 incorporation, a shareholder of a state bank is not personally  
36 31 liable for the acts or debts of the state bank.

36 32 Sec. 45. Section [524.506](#), Code 1995, is amended by  
36 33 striking the section and inserting in lieu thereof the  
36 34 following:

36 35 524.506 SHAREHOLDERS' PREEMPTIVE RIGHTS.

37 1 1. Unless otherwise provided in section 524.506A, the  
37 2 shareholders of a state bank do not have a preemptive right to  
37 3 acquire the state bank's unissued shares except to the extent  
37 4 provided in the articles of incorporation.

37 5 2. A statement included in the articles of incorporation  
37 6 that "the state bank elects to have preemptive rights", or  
37 7 words of similar import, means that, except to the extent

37 8 otherwise expressly provided in the articles of incorporation,  
37 9 the following principles apply:

37 10 a. A shareholder of a state bank has a preemptive right,  
37 11 granted on uniform terms and conditions prescribed by the  
37 12 board of directors to provide a fair and reasonable  
37 13 opportunity to exercise the right, to acquire a proportional  
37 14 amount of the state bank's unissued shares upon the decision  
37 15 of the board of directors to issue such shares.

37 16 b. A shareholder may waive the shareholder's preemptive  
37 17 right. A waiver evidenced in writing is irrevocable even  
37 18 though it is not supported by consideration.

37 19 c. There is no preemptive right with respect to any of the  
37 20 following:

37 21 (1) Shares issued as compensation to directors, officers,  
37 22 agents, or employees of the state bank, its subsidiaries, or  
37 23 its affiliates.

37 24 (2) Shares issued to satisfy conversion or option rights  
37 25 created to provide compensation to directors, officers,  
37 26 agents, or employees of the state bank, its subsidiaries, or  
37 27 its affiliates.

37 28 (3) Shares authorized in articles of incorporation that  
37 29 are issued within six months from the effective date of  
37 30 incorporation.

37 31 d. A holder of shares of any class without general voting  
37 32 rights but with preferential rights to distributions or assets  
37 33 has no preemptive rights with respect to shares of any class.

37 34 e. A holder of shares of any class with general voting  
37 35 rights but without preferential rights to distributions or  
38 1 assets has no preemptive rights with respect to shares of any  
38 2 class with preferential rights to distributions or assets  
38 3 unless the shares with preferential rights are convertible  
38 4 into or carry a right to subscribe for or acquire shares  
38 5 without preferential rights.

38 6 f. Shares subject to preemptive rights that are not  
38 7 acquired by shareholders may be issued to any person for a  
38 8 period of one year after being offered to shareholders at a  
38 9 consideration set by the board of directors that is not lower  
38 10 than the consideration set for the exercise of preemptive  
38 11 rights. An offer at a lower consideration or after the  
38 12 expiration of one year is subject to the shareholders'  
38 13 preemptive rights.

38 14 3. For purposes of this section, "shares" includes a  
38 15 security convertible into or carrying a right to subscribe for  
38 16 or acquire shares.

38 17 Sec. 46. NEW SECTION. 524.506A PREEMPTIVE RIGHTS FOR  
38 18 EXISTING STATE BANKS.

38 19 Notwithstanding contrary provisions of this chapter, a  
38 20 state bank which was incorporated under this chapter prior to  
38 21 July 1, 1995, shall be governed by the following until July 1,  
38 22 1998:

38 23 1. Except to the extent limited or denied by this section  
38 24 or by the articles of incorporation, shareholders have a  
38 25 preemptive right to acquire unissued shares or securities  
38 26 convertible into such shares or carrying a right to subscribe  
38 27 to or acquire shares.

38 28 2. Unless otherwise provided in the articles of  
38 29 incorporation:

38 30 a. No preemptive right exists with respect to either of  
38 31 the following:

38 32 (1) Acquiring any shares issued to directors, officers, or  
38 33 employees pursuant to approval by the affirmative vote of the  
38 34 holders of a majority of the shares entitled to vote or when  
38 35 authorized by and consistent with a plan approved by such vote  
39 1 of the shareholders.

39 2 (2) Acquiring treasury shares of the state bank pursuant  
39 3 to section 524.506B.

39 4 b. A holder of shares of any class that is preferred or

39 5 limited as to dividends or assets is not entitled to any  
39 6 preemptive right.  
39 7 c. A holder of shares of common stock is not entitled to  
39 8 any preemptive right to shares of any class that is preferred  
39 9 or limited as to dividends or assets or to any obligations,  
39 10 unless convertible into shares of common stock or carrying a  
39 11 right to subscribe to or acquire shares of common stock.  
39 12 d. A holder of common stock without voting power has no  
39 13 preemptive right to shares of common stock with voting power.  
39 14 e. A preemptive right is only an opportunity to acquire  
39 15 shares or other securities under the terms and conditions as  
39 16 fixed by the board of directors for the purpose of providing a  
39 17 fair and reasonable opportunity for the exercise of the  
39 18 preemptive right.  
39 19 Sec. 47. NEW SECTION. 524.506B STATE BANK'S ACQUISITION  
39 20 OF ITS OWN SHARES.  
39 21 1. With the prior approval of the superintendent, a state  
39 22 bank may acquire its own shares. Shares acquired pursuant to  
39 23 this section constitute authorized but unissued shares except  
39 24 as provided in subsection 2.  
39 25 2. If the articles of incorporation prohibit the reissue  
39 26 of acquired shares, the number of authorized shares is reduced  
39 27 by the number of shares acquired, effective upon amendment of  
39 28 the articles of incorporation.  
39 29 Sec. 48. Section 524.507, Code 1995, is amended to read as  
39 30 follows:  
39 31 524.507

~~OWNING OR~~

~~LOANING ON ITS OWN SHARES.~~

39 32

~~No~~

~~A state bank shall not make any loan or extension of  
39 33 credit on the security of the shares of its own capital,~~

~~or,~~

39 34

~~except as provided in sections 524.1406 and 524.1417, be the~~

39 35

~~purchaser or holder of any such shares,~~

~~unless such security~~

40 1

~~or purchase shall be~~

~~is necessary to prevent loss upon a debt~~

40 2 previously contracted in good faith

~~, and shares so purchased~~

40 3

~~or acquired shall be sold at public or private sale within one~~

40 4

~~year from the time of their purchase or acquisition, unless~~

40 5

~~the time is extended by the superintendent~~

~~Any common shares~~

40 6

~~of a state bank purchased or acquired by the state bank~~

40 7

~~pursuant to this chapter, and sold as directed by this~~

40 8

~~chapter, shall be subject to the minimum consideration~~

40 9

~~requirements of subsection 1 of section 524.503 unless a~~

40 10

~~lesser consideration is approved by the superintendent. Any~~

40 11

~~preferred shares of a state bank purchased or acquired by the~~

40 12

~~state bank pursuant to this chapter, and sold as directed by~~

40 13

~~this chapter, shall be subject to the consideration~~

40 14

~~requirements of subsection 2 of section 524.503.~~

40 15 Sec. 49. Section [524.509](#), Code 1995, is amended to read as

40 16 follows:

40 17 524.509 NOTICE OF SHAREHOLDER MEETINGS &ndash; WAIVER OF NOTICE

40 18 GENERALLY.

40 19 1. Written

~~or printed~~

~~notice stating the place, day and~~

40 20 hour of a meeting of the shareholders and, in case of a

40 21 special meeting, the purpose or purposes for which the meeting

40 22 is called, shall be delivered not less than ten nor more than

40 23

~~fifty~~

~~sixty~~ days before the date of the meeting, either

40 24 personally or by mail, by or at the direction of the

40 25 president, the cashier, or the officer or persons calling the

40 26 meeting, to each shareholder of record entitled to vote at

40 27

~~such~~

~~the~~ meeting. If mailed,

~~such~~

~~the~~ notice

~~shall be~~

~~is~~

40 28 deemed to be delivered when deposited in the United States

40 29 mail addressed to the shareholder at the shareholder's address  
40 30 as it appears on the stock transfer books of the state bank  
40 31 with postage

~~thereon~~  
- prepaid.  
40 32 2.

~~Whenever any notice is required to be given to any~~

-  
40 33

~~shareholder under the provisions of this chapter or under the~~

-  
40 34

~~provisions of the articles of incorporation or bylaws of the~~

-  
40 35

~~state bank, a waiver thereof in writing signed by the person~~

-  
41 1

~~or persons entitled to such notice, whether before or after~~

-  
41 2

~~the time stated therein, shall be equivalent to the giving of~~

-  
41 3

~~such notice.~~

- A shareholder may waive any notice required by

41 4 this chapter, the articles of incorporation, or bylaws before  
41 5 or after the date and time stated in the notice. The waiver  
41 6 must be in writing, be signed by the shareholder entitled to  
41 7 the notice, and be delivered to the state bank for inclusion  
41 8 in the minutes or filing with the corporate records.

41 9 3. A shareholder's attendance at a meeting results in both  
41 10 of the following:

41 11 a. Waives the shareholder's objection to lack of notice or  
41 12 defective notice of the meeting, unless the shareholder at the  
41 13 beginning of the meeting or promptly upon the shareholder's  
41 14 arrival objects to holding the meeting or transacting business  
41 15 at the meeting.

41 16 b. Waives the shareholder's objection to consideration of  
41 17 a particular matter at the meeting that is not within the  
41 18 purpose or purposes described in the meeting notice, unless  
41 19 the shareholder objects to considering the matter when it is  
41 20 presented.

41 21 4. Unless the articles of incorporation or bylaws provide  
41 22 otherwise, the shareholders may permit any or all shareholders  
41 23 to participate in a regular or special meeting by, or conduct  
41 24 the meeting through the use of, any means of communication by  
41 25 which all shareholders participating may simultaneously hear  
41 26 each other during the meeting. A shareholder participating in  
41 27 a meeting as provided in this subsection is deemed to be  
41 28 present in person at the meeting.

41 29 Sec. 50. NEW SECTION. 524.509A ACTION WITHOUT MEETING.

41 30 1. Unless the articles of incorporation or bylaws provide  
41 31 otherwise, action required or permitted to be taken under this  
41 32 chapter at a special shareholders' meeting may be taken  
41 33 without a meeting if the action is consented to by all  
41 34 shareholders. The action must be evidenced by one or more  
41 35 written consents describing the action taken, signed by each  
42 1 shareholder, and included in the minutes or filed with the

42 2 corporate records reflecting the action taken.  
42 3 2. Action taken under this section is effective when the  
42 4 last shareholder signs the consent, unless the consent  
42 5 specifies a different effective date.  
42 6 3. A written consent signed under this section has the  
42 7 effect of a meeting vote and may be described as such in any  
42 8 document.  
42 9 Sec. 51. Section [524.510](#), Code 1995, is amended to read as  
42 10 follows:  
42 11 524.510

~~— CLOSING OF~~

~~— TRANSFER BOOKS AND FIXING RECORD DATE.~~

42 12 The board of directors of a state bank shall cause adequate  
42 13 stock transfer books to be maintained.

~~— For the purpose of~~

42 14

~~— determining shareholders entitled to notice of or to vote at~~

42 15

~~— any meeting of shareholders or any adjournment thereof, or~~

42 16

~~— entitled to receive payment of any dividend, or in order to~~

42 17

~~— make a determination of shareholders for any other proper~~

42 18

~~— purpose, the board of directors of a state bank may provide~~

42 19

~~— that the stock transfer books shall be closed for a stated~~

42 20

~~— period but not to exceed, in any case, fifty days. If the~~

42 21

~~— stock transfer books shall be closed for the purpose of~~

42 22

~~— determining shareholders entitled to notice of or to vote at a~~

42 23

~~— meeting of shareholders, such books shall be closed for at~~

42 24

~~— least ten days immediately preceding such meeting. In lieu of~~

42 25

~~— closing the stock transfer books, the~~

~~— The bylaws, or in the~~

42 26 absence of an applicable bylaw, the board of directors may

42 27 fix, in advance, a date as the record date for any

~~such~~

42 28 determination of shareholders entitled to notice of or to vote  
42 29 at a meeting of shareholders,

~~such~~

- the date

~~in any case~~

- to be

42 30 not more than

~~fifty~~

- ~~seventy~~ days and, in case of a meeting of

42 31 shareholders, not less than ten days prior to the date on

42 32 which the particular action, requiring

~~such~~

- the determination

42 33 of shareholders, is to be taken. If

~~the stock transfer books~~

-

42 34

~~are not closed and no~~

- a record date is not fixed for the

42 35 determination of shareholders entitled to notice of or to vote

43 1 at a meeting of shareholders, or shareholders entitled to

43 2 receive payment of a dividend, the date on which notice of the

43 3 meeting is mailed or the date on which the resolution of the

43 4 board of directors declaring such dividend is adopted, as the

43 5 case may be, shall be the record date for

~~such~~

- the

43 6 determination of shareholders.

~~When~~

- If a determination of

43 7 shareholders entitled to vote at any meeting of shareholders

43 8 has been made as provided in this section,

~~such~~

- the

43 9 determination

~~shall apply~~

- applies to any adjournment

~~thereof~~

-

43 10 of the meeting.

43 11 Sec. 52. Section [524.511](#), Code 1995, is amended to read as

43 12 follows:

43 13 524.511 VOTING LIST.

43 14 The officer or agent having charge of the stock transfer

43 15 books for shares of a state bank shall

~~make~~

- , at least ten days

43 16 before each meeting of shareholders, make a complete list of

43 17 the shareholders entitled to vote at

~~such~~

- ~~the~~ meeting or any  
43 18 adjournment

~~thereof~~

- ~~of the meeting~~, arranged in alphabetical  
43 19 order, with the address of and the number of shares held by  
43 20 each, which list, for a period of ten days prior to

~~such~~

- ~~the~~  
43 21 meeting, shall be kept on file at the principal place of  
43 22 business of the state bank and

~~shall be~~

- ~~is~~ subject to  
43 23 inspection by

~~any~~

- ~~a shareholder, or a shareholder's agent or~~  
43 24 ~~attorney~~, at any time during usual business hours.

~~Such~~

- ~~The~~  
43 25 list of ~~shareholders~~ shall also be produced and kept open at  
43 26 the time and place of the meeting and

~~shall be~~

- ~~is~~ subject to  
43 27 the inspection of

~~any~~

- ~~a shareholder, or a shareholder's agent~~  
43 28 ~~or attorney~~, during the whole time of the meeting. The  
43 29 original stock transfer books

~~shall be~~

- ~~are~~ prima facie  
43 30 evidence as to who are the shareholders entitled to examine  
43 31

~~such~~

- ~~the~~ list or transfer books or to vote at

~~any~~

- ~~a~~ meeting of  
43 32 shareholders. Failure to comply with the requirements of this  
43 33 section shall not affect the validity of action taken at

~~such~~

-  
43 34 ~~a meeting of shareholders~~.  
43 35 Sec. 53. Section [524.512](#), Code 1995, is amended to read as  
44 1 follows:  
44 2 524.512 QUORUM OF SHAREHOLDERS.  
44 3 1. Unless otherwise provided in the articles of  
44 4 incorporation, a majority of the shares entitled to vote,  
44 5 represented in person or by proxy,

~~shall constitute~~

-  
44 6 ~~constitutes~~ a quorum at a meeting of shareholders. If a  
44 7 quorum is present, the affirmative vote of the majority of the  
44 8 shares represented at the meeting and entitled to vote on the  
44 9 subject matter shall be the act of the shareholders, unless  
44 10 the vote of a greater number or voting by classes is required  
44 11 by the laws of this state or of the United States or by the  
44 12 articles of incorporation or bylaws.



44 13 2. Once a share is represented for any purpose at a  
44 14 meeting, it is deemed present for the purpose of determining a  
44 15 quorum for the remainder of the meeting and for any  
44 16 adjournment of that meeting unless a new record date is or  
44 17 must be set for that adjourned meeting.

44 18 Sec. 54. Section 524.513, Code 1995, is amended to read as  
44 19 follows:

44 20 524.513 VOTING OF SHARES.

44 21 1. Each outstanding share shall be entitled to one vote on  
44 22 each matter submitted to a vote at a meeting of shareholders,  
44 23 except to the extent that the voting rights of the shares of  
44 24

~~any preferred class,~~

~~a class or series may be limited or~~  
44 25 denied by the articles of incorporation.

44 26 2. Shares of a state bank purchased or acquired by such  
44 27 state bank pursuant to this chapter shall not be voted at any  
44 28 meeting and shall be excluded in determining whether matters  
44 29 voted upon by the shareholders were adopted by the requisite  
44 30 number of shares.

44 31 3. A shareholder may vote either in person or by proxy  
44 32 executed in writing by the shareholder or by the shareholder's  
44 33 duly authorized attorney-in-fact.

~~No~~

~~A proxy shall not be~~  
44 34 valid after eleven months from the date of its execution.

44 35 4. At each election for directors every shareholder  
45 1 entitled to vote at such election shall have the right to  
45 2 vote, in person or by proxy, the number of shares owned by the  
45 3 shareholder for as many individuals as there are directors to  
45 4 be elected and for whose election the shareholder has a right  
45 5 to vote.  
45 6

~~Shares standing in the name of another corporation,~~

45 7

~~domestic or foreign, may be voted by such officer, agent or~~

45 8

~~proxy as the bylaws of such corporation may prescribe, or, in~~

45 9

~~the absence of such provision, as the board of directors of~~

45 10

~~such corporation may determine.~~

45 11

~~Shares held by an administrator, executor, guardian or~~

45 12

~~conservator may be voted by such person, either in person or~~

45 13

~~by proxy, without a transfer of such shares into the person's~~

45 14

~~name. Except as provided in the following sentence, shares~~

45 15

~~standing in the name of a trustee may be voted by the trustee,~~

45 16

~~either in person or by proxy, but no trustee shall be entitled~~

45 17

~~to vote shares held by the trustee without a transfer of such~~

45 18

~~shares into the trustee's name.~~

45 19     5. In an election of directors, a state bank

~~may~~

~~shall~~ not

45 20 vote its own shares held by it as sole trustee unless under  
45 21 the terms of the trust the manner in which such shares shall  
45 22 be voted may be determined by a donor or beneficiary of the  
45 23 trust and unless such donor or beneficiary actually directs  
45 24 how

~~such~~

~~the~~ shares shall be voted

~~, provided, however, that~~

45 25 However, shares held in trust by a state bank pursuant to an  
45 26 instrument in effect prior to January 1, 1970, under the terms  
45 27 of which the manner in which such shares shall be voted could  
45 28 not be determined by a donor or beneficiary of the trust, may  
45 29 be voted in an election of directors of a state bank upon  
45 30 petition filed by the state bank, to a court of competent  
45 31 jurisdiction, and the appointment by such court of an  
45 32 individual to determine the manner in which

~~such~~

~~the~~ shares

45 33 shall be voted. When the shares of a state bank are held by  
45 34 such state bank and one or more persons as trustees,

~~such~~

~~the~~

45 35 shares may be voted by such other person or persons as  
46 1 trustees, in the same manner as if the person or persons were  
46 2 the sole trustee. Whenever shares cannot be voted by reason  
46 3 of being held by a state bank as sole trustee,

~~such~~

~~the~~ shares

46 4 shall be excluded in determining whether matters voted upon by  
46 5 the shareholders were adopted by the requisite number of  
46 6 shares.  
46 7

~~Unless otherwise provided by the governing instrument,~~

46 8

~~shares which are held jointly by any number of fiduciaries~~

~~46 9~~

~~shall be voted in the manner determined by the majority of~~

~~46 10~~

~~such fiduciaries (excluding a trustee ineligible by reason of~~

~~46 11~~

~~the preceding paragraph) or if the fiduciaries are equally~~

~~46 12~~

~~divided on the manner of voting, any court of competent~~

~~46 13~~

~~jurisdiction may, upon petition filed by any such fiduciaries~~

~~46 14~~

~~or any beneficiary, appoint an additional person to act with~~

~~46 15~~

~~such fiduciaries in determining the manner in which such~~

~~46 16~~

~~shares shall be voted.~~

~~46 17~~

~~Unless otherwise provided by agreement, if persons holding~~

~~46 18~~

~~shares jointly or as tenants in common are unable to agree~~

~~46 19~~

~~upon the manner in which such shares shall be voted, the vote~~

~~46 20~~

~~of such shares shall be divided among such persons in~~

~~46 21~~

~~proportion to their interest.~~

~~46 22~~

~~Shares standing in the name of a receiver may be voted by~~

~~46 23~~

~~such receiver, and shares held by or under the control of a~~

~~46 24~~

~~receiver may be voted by such receiver without the transfer~~

~~46 25~~

~~thereof into the receiver's name if authority so to do be~~

~~46 26~~

~~contained in an appropriate order of the court by which such~~

~~46 27~~

~~receiver was appointed.~~

~~46 28~~

~~A shareholder whose shares are pledged shall be entitled to~~

~~46 29~~

~~vote such shares until the shares have been transferred into~~

~~46 30~~

~~the name of the pledgee, and thereafter the pledgee shall be~~

~~46 31~~

~~entitled to vote the shares so transferred.~~

~~46 32~~

~~On and after the date on which written notice of redemption~~

~~46 33~~

~~of preferred shares has been mailed to the holders thereof and~~

~~46 34~~

~~a sum sufficient to redeem such shares has been deposited in~~

~~46 35~~

~~escrow with irrevocable instruction and authority to pay the~~

~~47 1~~

~~redemption price to the holders thereof upon surrender of~~

~~47 2~~

~~certificates therefor, such shares shall not be entitled to~~

~~47 3~~

~~vote on any matter and shall not be deemed to be outstanding~~

~~47 4~~

~~shares.~~

47 5 Sec. 55. Section [524.514](#), Code 1995, is amended to read as

47 6 follows:

47 7 524.514 VOTING TRUST.

47 8 Any number of shareholders of a state bank may create a

47 9 voting trust for the purpose of conferring upon a trustee or

47 10 trustees the right to vote or otherwise represent their

47 11 shares, for a period of not to exceed

~~twenty~~

- ten years, by  
47 12 entering into a written voting trust agreement specifying the  
47 13 terms and conditions of the voting trust, by depositing a  
47 14 counterpart of the agreement with the state bank at its  
47 15 principal place of business, by delivery of a copy

~~—thereof~~

- of  
47 16 the voting trust agreement to the superintendent and by  
47 17 transferring their shares to such trustee or trustees for the  
47 18 purposes of the agreement. The counterpart of the voting  
47 19 trust agreement so deposited with the state bank

~~—shall be~~

- is  
47 20 subject to examination for any proper purpose during usual  
47 21 business hours by a shareholder of the state bank, in person  
47 22 or by agent or attorney, or by any holder of a beneficial  
47 23 interest in the voting trust, in person or by agent or  
47 24 attorney.  
47 25 This section shall not affect the validity of any  
47 26 agreement, relative to the voting of shares, in effect

~~—on~~

-  
47 27

~~—January~~

- prior to July 1,

~~—1970~~

- 1995.

47 28 Sec. 56. NEW SECTION. 524.514A VOTING AGREEMENTS.  
47 29 1. Two or more shareholders may provide for the manner in  
47 30 which they will vote their shares by signing an agreement for  
47 31 that purpose. A voting agreement created under this section  
47 32 is not subject to section 524.514.

47 33 2. A voting agreement created under this section is  
47 34 subject to a judicial order for specific enforcement.

47 35 Sec. 57. Section [524.516](#), subsection 2, Code 1995, is  
48 1 amended to read as follows:

48 2 2. A dividend

~~—may~~

- shall not be declared or paid

~~—unless the~~

-  
48 3

~~—transfer of net profits to surplus required by section 524.402~~

-  
48 4

~~—has been made prior to the declaration of the dividend~~

- if

48 5 restricted by the superintendent.

48 6 Sec. 58. Section [524.517](#), subsection 2, Code 1995, is  
48 7 amended to read as follows:

48 8 2.

~~—No~~

- A distribution

~~—may~~

- shall not be made in authorized  
48 9 but unissued shares of the state bank unless

48 10

~~a. There shall be transferred to capital  
an amount equal  
48 11 to the total par value of the shares distributed~~

~~, and~~

48 12

~~b. Immediately after the distribution, the surplus of the  
48 13~~

~~state bank would be at least equal to fifty percent of its  
- is~~

48 14 transferred to capital.

48 15 Sec. 59. Section [524.520](#), Code 1995, is amended to read as  
48 16 follows:

48 17 524.520 OPTIONS FOR SHARES.

48 18 A state bank may authorize the granting of options to  
48 19 officers and employees to purchase unissued

~~, common~~

~~shares of~~

48 20 the state bank in accordance with a plan approved by the  
48 21 superintendent

~~provided the following steps are taken:~~

48 22

~~1. The plan is submitted to a vote of the shareholders at~~

48 23

~~an annual meeting or special meeting called for the purpose,~~

48 24

~~the notice of the meeting contains a complete description of~~

48 25

~~the plan, and the plan receives the affirmative vote of the~~

48 26

~~holders of at least two thirds of the shares entitled to vote~~

48 27

~~thereon.~~

48 28

~~2. The consideration per share shall be determined as of~~

48 29

~~the date the options are granted and shall not be less than~~

48 30

~~the sum of the capital represented by common shares and the~~

~~48 31~~

~~surplus of the state bank divided by the number of common~~

~~48 32~~

~~shares issued and outstanding on such date, but in no case~~

~~48 33~~

~~less than an amount approved by the superintendent.~~

~~48 34~~

~~3. Options to purchase shares shall have a termination~~

~~48 35~~

~~date and shall not be transferable by the holder of the option~~

~~49 1~~

~~during the holder's lifetime. In the event that the option is~~

~~49 2~~

~~to survive the death of the holder of the option, the option~~

~~49 3~~

~~shall terminate one year after the date of the holder's death~~

~~49 4~~

~~but may be exercised by the holder's estate during that one~~

~~49 5~~

~~year period.~~

~~49 6~~

~~4. Notice of the meeting shall describe the extent to~~

~~49 7~~

~~which pre-emptive rights of shareholders are inapplicable to~~

~~49 8~~

~~the issuance of shares under this section.~~

~~49 9~~

~~Upon approval by the shareholders the cashier shall reserve~~

~~49 10~~

~~authorized but unissued shares for purposes of this section~~

~~49 11~~

~~until the options are exercised or expire.~~

~~49 12~~

~~Upon approval by the shareholders as provided in subsection~~

49 13

~~1 of this section, the provisions of section 524.506~~

49 14

~~inconsistent with this section shall be inapplicable.~~

49 15 Sec. 60. Section [524.601](#), subsection 1, Code 1995, is  
49 16 amended to read as follows:

49 17 1. The business and affairs of a state bank shall be  
49 18 managed by a board of five or more directors eighteen years of  
49 19 age or older, a majority of whom shall be

~~citizens~~

~~residents~~

49 20 of

~~this~~

~~the state of Iowa and~~

~~all of whom shall be~~

~~citizens of~~

49 21 the United States.

49 22 Sec. 61. Section [624.602](#), Code 1995, is amended to read as  
49 23 follows:

49 24 524.602 BOARD OF DIRECTORS & ELECTION.

49 25 At the first annual meeting of shareholders and at each  
49 26 annual meeting thereafter the shareholders shall elect  
49 27 directors to hold office until the next succeeding annual  
49 28 meeting. Directors shall hold office for one year

~~and~~

~~or~~

49 29 until their successors have been elected and qualified, unless  
49 30 removed in accordance with provisions of section 524.606.

49 31 When the shareholders

~~increase~~

~~determine~~ the number of

49 32 directors at an annual meeting or at a special meeting, they  
49 33 shall, at the same meeting

~~or at a subsequent meeting~~

~~, elect a~~

49 34 director to fill each

~~new~~

~~directorship~~

~~created~~

49 35 Sec. 62. Section [524.604](#), subsections 1 and 4, Code 1995,  
50 1 are amended to read as follows:

50 2 1.

~~Reasonably regular attendance at meetings of the board~~

50 3 Attendance at no less than seventy-five percent of the regular  
50 4 board meetings held during the calendar year.

50 5 4.

~~Utilization of a method to insure the safety of the~~



~~funds of depositors as provided for in~~

~~- Review of the adequacy~~

50 7 of the bank's internal controls and determination of the most  
50 8 appropriate method to satisfy the bank's audit needs pursuant  
50 9 to section 524.608.

50 10 Sec. 63. Section 524.605, subsection 3, Code 1995, is  
50 11 amended to read as follows:

50 12 3. The directors of a state bank who, willfully or  
50 13 negligently, vote for or assent to

~~- any loan~~

~~- loans or~~

~~- extension~~

50 14 extensions of credit

~~- resulting in an obligation, as defined in~~

50 15

~~- subsection 1 of section 524.904, to such state bank~~

~~- in~~

50 16 violation of the provisions of this chapter, shall be jointly  
50 17 and severally liable to the state bank for the total amount of  
50 18 any loss sustained

~~- as a result of such obligation~~

50 19 Sec. 64. Section 524.606, subsection 1, Code 1995, is  
50 20 amended to read as follows:

50 21 1. At a meeting of shareholders expressly called for that  
50 22 purpose, individual directors or the entire board of directors  
50 23 may be removed, with or without cause, by the affirmative vote  
50 24 of the holders of

~~- at least two thirds~~

~~- a majority of the shares~~

50 25 entitled to vote at an election of directors. The vacancies  
50 26 created may be filled at the same meeting at which the removal  
50 27 proceedings take place.

50 28 Sec. 65. Section 524.607, unnumbered paragraph 1, Code  
50 29 1995, is amended to read as follows:

50 30 The board of directors shall hold at least

~~- one meeting~~

~~- nine~~

50 31 regular meetings each calendar

~~- month~~

~~- year. No more than one~~

50 32 regular meeting shall be held in any one calendar month.

50 33 Unless the articles of incorporation or bylaws provide  
50 34 otherwise, the board of directors may permit directors to  
50 35 participate in meetings through the use of any means of

51 1 communication by which all directors participating may  
51 2 simultaneously hear each other during the meeting. A director

51 3 participating in a meeting by this means is deemed to be

51 4 present at the meeting.

51 5 PARAGRAPH DIVIDED. A special meeting may be called by

~~- the~~

~~president, a vice president, cashier  
- any executive officer or~~

51 7 a director. Notice of a meeting shall be given to each  
51 8 director, either personally or by mail, at least two days in  
51 9 advance of the meeting. Notice of a regular meeting shall not  
51 10 be required if the articles of incorporation, bylaws, or a  
51 11 resolution of the board of directors provide for a regular  
51 12 monthly meeting date.

51 13 Sec. 66. Section [524.608](#), Code 1995, is amended by  
51 14 striking the section and inserting in lieu thereof the  
51 15 following:

51 16 524.608 AUDITING PROCEDURES.

51 17 In addition to any examination made by the banking division  
51 18 or other supervisory agency, the board of directors shall  
51 19 review the adequacy of the bank's internal controls and cause  
51 20 to be made no less frequently than annually additional  
51 21 auditing procedures that the board deems to be appropriate.  
51 22 The board shall determine the bank's audit needs and record in  
51 23 the board's minutes the extent to which audit procedures are  
51 24 to be employed. A report which summarizes significant audit  
51 25 findings shall be delivered to the superintendent as soon as  
51 26 practical upon completion.

51 27 The superintendent may require that more comprehensive  
51 28 auditing procedures be applied to a bank's account records  
51 29 when deemed necessary. These auditing procedures may range  
51 30 from limited scope agreed-upon procedures to an unqualified  
51 31 audit opinion.

51 32 Sec. 67. Section [524.610](#), Code 1995, is amended to read as  
51 33 follows:

51 34 524.610 COMPENSATION OF DIRECTORS.

51 35 The shareholders of a state bank shall fix the reasonable  
52 1 compensation of directors for their services as members of the  
52 2 board of directors. Subject to the approval of the  
52 3 superintendent and approval by the shareholders at an annual  
52 4 or special meeting called for that purpose, the shareholders  
52 5 of a state bank may adopt a pension or profit sharing plan, or  
52 6 both, or other plan of deferred compensation for directors, to  
52 7 which a state bank may contribute.  
52 8

~~A director who is also a salaried officer or employee of~~

52 9

~~the state bank of which the person is a director shall receive~~

52 10

~~no additional compensation as director.~~

~~Directors may be~~

52 11 reimbursed for reasonable expenses incurred in the performance  
52 12 of their duties.

52 13 Sec. 68. Section [524.612](#), Code 1995, is amended to read as  
52 14 follows:

52 15 524.612 DIRECTOR DEALING WITH STATE BANK.

52 16 1.

~~The total obligations, as defined in subsection 1 of~~

52 17

~~section 524.904, of a director to a state bank of which the~~

52 18

~~person is a director shall not exceed twenty percent of the~~

52 19

~~capital and surplus of the state bank except that the total~~

52 20

~~obligations of a director to a state bank of which the person~~

52 21

~~is a director shall not exceed forty percent of the capital~~

52 22

~~and surplus of the state bank if the amount by which such~~

52 23

~~obligations exceed twenty percent of the capital and surplus~~

52 24

~~of the state bank shall consist of obligations described in~~

52 25

~~paragraph "a" of subsection 2 of section 524.904.~~

~~Subject to~~

52 26 the provisions of section 524.904, a director of a state bank

52 27 may receive loans and extensions of credit from a state bank

52 28 of which the person is a director. A majority of the board of

52 29 directors, voting in the absence of the applying director,

52 30 shall give its prior approval to

~~any obligation, as defined in~~

52 31

~~subsection 1 of section 524.904, of a director to the state~~

52 32

~~bank of which the person is a director~~

~~such loans and~~

52 33 extensions of credit.

~~The form of such approval shall be~~

52 34

~~specified by the superintendent, and a copy recorded in the~~

52 35

~~minutes of the board of directors.~~

~~Approval shall be recorded~~

53 1 in the minutes.

53 2 2. A director shall not be permitted to receive any loan

53 3 or extension of credit or use any property of a state bank of

53 4 which the person is a director at a lower rate of interest

~~or~~

53 5

~~charge than the rate charged~~

~~or on terms which are more~~

53 6 favorable than the terms offered to other customers under  
53 7 similar circumstances.

53 8 3. A director shall not receive terms or be paid a

~~higher~~

53 9 rate of interest on deposits, by a state bank of which the  
53 10 person is a director, which are more favorable than

~~the rate~~

53 11

~~paid~~

~~that provided~~ to any other customer under similar  
53 12 circumstances.

53 13 4. A director shall not purchase or lease any assets from  
53 14 or sell or lease any assets to a state bank of which the  
53 15 person is a director except upon terms not less favorable to  
53 16 the state bank than those offered to or by other persons. All  
53 17 purchases or leases from and sales or leases to a director  
53 18 shall receive the prior approval of a majority of the board of  
53 19 directors voting in the absence of the interested director.

53 20 5. For the purpose of this section and section 524.706,  
53 21

~~any obligation~~

~~loans and extensions of credit~~, as defined in  
53 22 section 524.904,

~~subsection 1, of~~

~~to the spouse of a director~~

53 23 or officer, other than a spouse who is legally separated from  
53 24 the director or officer under a decree of divorce or separate  
53 25 maintenance, or to minor children of a director or officer to  
53 26 the state bank in which the person is a director or officer  
53 27

~~is~~

~~, are~~ considered

~~an obligation~~

~~loans and extensions of~~

53 28 credit of such director or officer. However,

~~an obligation~~

53 29 loans and extensions of credit of a spouse

~~is~~

~~are~~ not

53 30 considered

~~an obligation~~

~~loans and extensions of credit~~ of the  
53 31 director or officer

~~if the officer or director and the spouse~~

53 32

~~of the director or officer maintain separate deposit accounts,~~

53 33

~~for either personal or business purposes, and the funds~~

53 34

~~obtained pursuant to the obligation of the spouse are not~~

53 35

~~commingled with funds of, or used to directly benefit, the~~

54 1

~~officer or director, and the obligation is not guaranteed by~~

54 2

~~the director or officer.~~

~~if all of the following apply:~~

54 3 a. Assets and liabilities of a director or officer are not  
54 4 included in the financial statement of the spouse and are not  
54 5 otherwise relied upon as a basis for loans or extensions of  
54 6 credit to the spouse.

54 7 b. The guarantee of a director or officer is not relied  
54 8 upon as a basis for loans or extensions of credit to the  
54 9 spouse.

54 10 c. The proceeds of the loans and extensions of credit to  
54 11 the spouse are not intermingled with or used for a common  
54 12 purpose with the proceeds of loans and extensions of credit to  
54 13 the director or officer.

54 14 Sec. 69. Section [524.613](#), Code 1995, is amended to read as  
54 15 follows:

54 16 524.613 PROHIBITIONS APPLICABLE TO CERTAIN FINANCIAL  
54 17 TRANSACTIONS INVOLVING DIRECTORS.

54 18 1.

~~No~~

~~A director of a state bank shall~~

54 19

~~1. Receive~~

~~not receive anything of value, other than~~

54 20 compensation and expense reimbursement authorized by section  
54 21 524.610, for procuring, or attempting to procure, any loan or  
54 22 extension of credit

~~resulting~~

~~or which would result, in an~~

54 23

~~obligation,~~

~~as defined in~~

~~subsection 1 of~~

~~section 524.904, to~~

54 24 the state bank or for procuring, or attempting to procure, an  
54 25 investment by the state bank

~~, of which the person is a~~

54 26

~~director~~

54 27 2.

~~Overdraw the director's deposit account in the state~~

54 28

~~bank.~~

~~A state bank shall not pay an overdraft of a director  
of the state bank on an account at the state bank, unless the  
payment of funds is made in accordance with either of the  
following:~~

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

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

54 1 Sec. 70. Section [524.614](#), Code 1995, is amended to read as  
55 2 follows:

55 3 524.614 HONORARY AND ADVISORY DIRECTORS.

55 4 The board of directors of a state bank may appoint an  
55 5 individual as an honorary director, director emeritus, or  
55 6 member of an advisory board. An individual so appointed

~~may~~

55 7 shall not vote at any meeting of the board of directors

~~nor~~

~~shall not~~ be counted in determining a quorum, and shall not be  
charged with any responsibilities or be subject to any  
liabilities imposed upon directors by this chapter.

55 11 Sec. 71. Section [524.701](#), Code 1995, is amended by  
55 12 striking the section and inserting in lieu thereof the  
55 13 following:

55 14 524.701 OFFICERS AND EMPLOYEES.

55 15 1. A state bank shall have as officers a president, one  
55 16 vice president, and a cashier. No more than two of these  
55 17 positions may be held by the same individual. A state bank  
55 18 may have other officers as prescribed by the articles of  
55 19 incorporation or bylaws.

55 20 2. The board of directors shall elect one officer as the  
55 21 chief executive officer, who shall be a member of the board of  
55 22 directors.

55 23 3. Upon written notice by the superintendent, an  
55 24 individual who performs active executive or official duties  
55 25 for a state bank may be treated as an executive officer. A  
55 26 state bank may have a chairperson of the board of directors  
55 27 who, if the person does not perform executive or official  
55 28 duties or receive a salary, need not be considered an  
55 29 executive officer of the state bank.

55 30 4. An individual employed by a state bank, other than a  
55 31 director or an officer, is considered an employee for the  
55 32 purposes of this chapter.

55 33 Sec. 72. Section [524.703](#), Code 1995, is amended to read as  
55 34 follows:

55 35 524.703 OFFICERS AND EMPLOYEES &ndash; EMPLOYMENT AND  
56 1 COMPENSATION.

56 2 The board of directors may fix the tenure and provide for  
56 3 the reasonable compensation of officers.

~~Upon approval by the~~

56 4

~~board of directors, officers~~

~~The chief executive officer or~~

56 5 the chief executive officer's designee shall determine the

56 6 employee's compensation and tenure. Officers and employees  
56 7 may be reimbursed for reasonable expenses incurred by them

~~in~~

56 8 on behalf of the state bank.

56 9 Subject to the approval of the superintendent, and approval  
56 10 by the shareholders at an annual or special meeting called for  
56 11 the purpose, the board of directors of a state bank may adopt  
56 12 a pension or profit-sharing plan, or both, or other plan of  
56 13 deferred compensation, for both officers and employees, to  
56 14 which the state bank may contribute.

56 15 Sec. 73. Section 524.705, Code 1995, is amended to read as  
56 16 follows:

56 17 524.705 BONDS OF OFFICERS AND EMPLOYEES.

56 18 The officers and employees of a state bank having the care,  
56 19 custody, or control of any funds or securities for any state  
56 20 bank shall give a good and sufficient bond in a company  
56 21 authorized to do business in this state indemnifying the state  
56 22 bank against losses, which may be incurred by reason of any  
56 23 act or acts of fraud, dishonesty, forgery, theft, larceny,  
56 24 embezzlement, wrongful abstraction, misapplication,  
56 25 misappropriation, or other unlawful act committed by such  
56 26 officer or employee directly or through connivance with  
56 27 others, until all of the officer's or employee's accounts with  
56 28 the state bank

~~shall have been~~

~~are~~ fully settled and

56 29 satisfied. The amounts and sureties

~~shall be~~

~~are~~ subject to

56 30 the approval of the board of directors. The superintendent  
56 31 may require higher amounts as deemed necessary. If the agent  
56 32 of a bonding company issuing a bond under this section is an  
56 33 officer or employee of the state bank upon which the bond was  
56 34 issued, the bond so issued shall contain a provision that the  
56 35 bonding company shall not use, either as a grounds for  
57 1 rescission or as a defense to liability under the terms and  
57 2 conditions of the bond, the knowledge that the agent was so  
57 3 employed, whether or not the agent received any part of the  
57 4 premium for

~~such~~

~~the~~ bond as a commission.

57 5 Sec. 74. Section 524.706, Code 1995, is amended to read as  
57 6 follows:

57 7 524.706 OFFICER DEALING WITH STATE BANK.

57 8 1. a. An executive officer of a state bank may receive  
57 9 loans or extensions of credit from a state bank of which the  
57 10 person is an executive officer

~~, resulting in obligations as~~

57 11

~~defined in section 524.904, subsection 1,~~

~~not exceeding, in~~

57 12 the aggregate, the following:

57 13 (1) An amount secured by a lien on a dwelling which is  
57 14 expected, after the obligation is incurred, to be owned by the  
57 15 executive officer and used as the officer's principal  
57 16 residence

~~, provided that after the loan is made there is no~~

57 17

~~other loan by the bank to the executive officer, under~~

57 18

~~authority of this subparagraph, outstanding~~

57 19 (2) An amount to finance the education of a child or  
57 20 children of the executive officer.

57 21 (3) Any other loans or extensions of credit which in the  
57 22 aggregate do not at any one time exceed the higher of twenty-  
57 23 five thousand dollars or two

~~point five~~

~~and one-half percent~~

57 24 of the bank's aggregate capital

~~and surplus~~

~~, but in no event~~

57 25 more than one hundred thousand dollars.

57 26 (4) Other amounts which do not, in the aggregate, exceed  
57 27 the principal amounts of

~~time certificates of deposit in the~~

57 28

~~bank which are held in the name of the executive officer, if~~

57 29

~~repayment of the loan or credit amounts is at all times~~

57 30

~~secured by pledge of the certificates~~

~~segregated deposit~~

57 31 accounts which the bank may lawfully set off. An interest in  
57 32 or portion of a

~~time certificate of~~

~~segregated deposit account~~

57 33 does not satisfy the requirements of this subparagraph if that  
57 34 interest or portion is also pledged to secure the payment of a  
57 35 debt or obligation of any person other than the executive  
58 1 officer. If the deposit is eligible for withdrawal before the  
58 2 secured loan matures, the bank shall establish internal  
58 3 procedures to prevent the release of the security without the  
58 4 bank's prior consent.

58 5 b. A state bank shall not loan money or extend credit to  
58 6 an executive officer of

~~such~~

~~the state bank,~~

~~nor shall~~

~~and an~~

58 7 executive officer of a state bank shall not receive a loan or  
58 8 extension of credit from

~~such~~

~~the state bank, exceeding the~~

58 9 limitations imposed by this section or for a purpose other  
58 10 than that authorized by this section. Such loans or  
58 11 extensions of credit shall not exceed an amount totaling more  
58 12 than



~~twenty percent of the capital and surplus~~

~~fifteen percent~~

58 13 ~~of the aggregate capital~~ of the state bank and any such loan  
58 14 on real property shall comply with section 524.905. A  
58 15 majority of the board of directors, voting in the absence of  
58 16 the applying executive officer, whether or not the executive  
58 17 officer is also a director, shall give its prior approval to  
58 18 any obligation of an executive officer to the state bank of  
58 19 which the person is an executive officer.

~~The form of~~

58 20

~~approval shall be specified by the superintendent, and a copy~~

58 21

~~recorded in the minutes of the board of directors.~~

~~Approval~~

58 22 shall be recorded in the minutes.

58 23

~~c. For the purposes of this subsection "executive officer"~~

58 24

~~means an officer of a state bank who participates or has~~

58 25

~~authority to participate, otherwise than in the capacity of a~~

58 26

~~director, in major policymaking functions of the bank,~~

58 27

~~regardless of whether the officer has an official title or~~

58 28

~~whether the officer's title contains a designation of~~

58 29

~~assistant and regardless of whether the officer is serving~~

58 30

~~without salary or other compensation. The chairperson of the~~

58 31

~~board, every president, every vice president, the cashier,~~

58 32

~~secretary, and treasurer of a state bank are assumed to be~~

58 33

~~executive officers, unless, by resolution of the board of~~

58 34

~~directors or by the bank's bylaws, but subject to contrary~~

58 35

~~notice by the superintendent as provided for in section~~

59 1

~~524.701, any such officer is excluded from participation in~~

59 2

~~major policymaking functions, otherwise than in the capacity~~

59 3

~~of a director of the bank, and the officer does not actually~~

59 4

~~participate.~~

59 5 2.

~~The provisions of section~~

~~Section 524.612,~~

~~subsections~~

59 6 subsection 2,

~~3 and 4, shall apply~~

~~applies to executive~~

59 7 officers, and section 524.612, subsections 3 and 4, apply to

59 8 all officers and employees.

59 9 3.

~~If an individual is a director and an officer, the~~

59 10

~~individual shall be subject to the limitations of subsection 1~~

59 11

~~of this section.~~

~~Upon the request of the board of directors,~~

59 12 an officer or employee of a state bank shall submit to the

59 13 board of directors a personal financial statement which shall

59 14 include the names of all persons to whom the officer or

59 15 employee is obligated, the dates, terms, and amounts of each

59 16 loan or other obligation, the security for the loan or

59 17 obligation, and the purpose for which the proceeds of the loan

59 18 or other obligation has been or is to be used.

59 19 4.

~~Whenever an officer of a state bank borrows from or~~

59 20

~~otherwise becomes obligated to any person or persons other~~

59 21

~~than the state bank of which the person is an officer, in a~~

59 22

~~total amount equal to or exceeding twenty five thousand~~

59 23

~~dollars excluding such amounts as may be owing by the officer~~

59 24

~~secured by a first lien on a dwelling which is used by the~~

59 25

~~officer as the officer's residence, the officer shall report~~

59 26

~~in writing to the superintendent that the officer is so~~

59 27

~~obligated.~~

- Upon the request of the superintendent, a director  
59 28 or an officer of a state bank shall submit to the  
59 29 superintendent, a personal financial statement which shall  
59 30 show the names of all persons to whom the director or officer  
59 31 is obligated, the dates, terms, and amounts of each loan or  
59 32 other obligation, the security

~~therefor~~

- for the loan or  
59 33 obligation, and the purpose for which the proceeds of

~~such~~

59 34

~~loans or other obligations have~~

- the loan or other obligation

59 35 has been or

~~are~~

- is to be used.

60 1 Sec. 75. Section 524.707, Code 1995, is amended to read as

60 2 follows:

60 3 524.707 REMOVAL OF OFFICERS OR EMPLOYEES.

60 4 1.

~~Any~~

- An officer or employee may be removed by the board

60 5 of directors whenever in its judgment the best interests of

60 6 the state bank shall be served

~~thereby~~

- by such removal, but

60 7

~~such~~

- the removal shall be without prejudice to the contract

60 8 rights, if any, of the officer or employee so removed.

60 9 Election of an officer shall not of itself create contract

60 10 rights.

60 11 2.

~~Subsection 2 of section~~

- Section 524.606.

~~providing~~

60 12 subsection 2, which provides for the removal of directors by  
60 13 the superintendent, shall have equal application to officers  
60 14 and employees.

60 15 Sec. 76. Section 524.708, Code 1995, is amended to read as  
60 16 follows:

60 17 524.708 REPORT OF CHANGE IN OFFICER PERSONNEL.

60 18 A state bank shall promptly notify the superintendent of  
60 19 any change in the

~~names of~~

- individuals holding the offices of

60 20

~~chairperson,~~

- chief executive officer or president

~~, vice~~

60 21

~~president, and cashier~~

60 22 Sec. 77. Section 524.710, Code 1995, is amended to read as  
60 23 follows:

60 24 524.710 PROHIBITIONS APPLICABLE TO CERTAIN FINANCIAL

60 25 TRANSACTIONS INVOLVING OFFICERS AND EMPLOYEES.

60 26 1.

~~No~~

- An officer or employee of a state bank shall not do

60 27 any of the following:

60 28

~~1.~~

- a. Receive anything of value, other than compensation

60 29 as authorized by section 524.703, for procuring, or attempting

60 30 to procure, any loan or extension of credit

~~resulting, or~~

60 31

~~which would result, in an obligation~~

- , as defined in

~~subsection~~

60 32

~~1 of~~

- section 524.904,

~~to~~

- for the state bank or for procuring,

60 33 or attempting to procure, an investment by the state bank

~~, of~~

60 34

~~which the person is an officer or employee~~

60 35

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

61 1

~~the state bank.~~

61 2

~~3.~~

~~b.~~ Engage, directly or indirectly, in the sale of any  
61 3 kind of insurance, shares of stock, bonds or other securities,  
61 4 or real property, or procure or attempt to procure for a fee  
61 5 or other compensation, a loan or extension of credit for any  
61 6 person from a person other than the state bank of which the  
61 7 person is an officer or employee, or act in any fiduciary  
61 8 capacity, unless authorized to do so by the board of directors  
61 9 of the state bank which shall also determine the manner in  
61 10 which the profits, fees, or other compensation derived  
61 11 therefrom shall be distributed.

61 12 2. A state bank shall not pay an overdraft of an officer  
61 13 or employee of the state bank on an account at the state bank,  
61 14 unless the payment of funds is made in accordance with either  
61 15 of the following:

61 16 a. A written, preauthorized, interest-bearing extension of  
61 17 credit plan that specifies a method of repayment.

61 18 b. A written, preauthorized transfer of collected funds  
61 19 from another account of the account holder at the state bank.

61 20 Sec. 78. Section [524.801](#), subsection 1, Code 1995, is  
61 21 amended by striking the subsection.

61 22 Sec. 79. Section [524.801](#), Code 1995, is amended by adding  
61 23 the following new subsection:

61 24 NEW SUBSECTION. 13. To set off a customer's account  
61 25 against any of the customer's debts or liabilities owed the  
61 26 state bank pursuant to an agreement entered into between the  
61 27 customer and the state bank.

61 28 Sec. 80. Section [524.802](#), Code 1995, is amended to read as  
61 29 follows:

61 30 524.802 ADDITIONAL POWERS

~~RELATED TO CONDUCT OF BUSINESS~~

61 31 OF A STATE BANK.

61 32 A state bank shall have in addition to other powers granted  
61 33 by this chapter, and subject to the limitations and  
61 34 restrictions contained in this chapter, the power to do all of  
61 35 the following:

62 1 1.

~~The power to become a member of a clearing house~~

62 2

~~association~~

~~Become an insured bank pursuant to the Federal~~  
62 3 Deposit Insurance Act and to take action as necessary to  
62 4 maintain the state bank's insured status.

62 5 2.

~~The power to become~~

~~Become~~ a member of the federal  
62 6 reserve system, to acquire and hold shares

~~of stock~~

~~in~~

~~a~~

~~the~~

62 7 appropriate federal reserve bank

~~to take all actions incident~~

62 8

~~to maintenance of such membership~~

~~and to exercise all powers~~

62 9 conferred on member banks by the federal reserve system that

62 10 are not inconsistent with

~~the provisions of~~

~~this chapter~~

62 11

~~conferred on member banks by the federal reserve system~~

62 12 3.

~~The power to become an insured bank pursuant to the~~

62 13

~~federal deposit insurance Act and to take all actions incident~~

62 14

~~to maintenance of an insured status thereunder.~~

~~Become a~~

62 15 member of a clearinghouse association.

62 16 4.

~~The power to act~~

~~Act as agent of the United States or~~

62 17 of any instrumentality or agency

~~thereof for the sale or issue~~

62 18

~~of bonds, notes or other obligations~~

~~of the United States.~~

62 19 4A. Act as agent for a depository institution affiliate to

62 20 the same extent that a national bank can act as an agent for a

62 21 depository institution under the provisions of section 18 of

62 22 the Federal Deposit Insurance Act, 12 U.S.C. } 1828.

62 23 5.

~~The power to buy~~

~~Buy and sell coin, currency, and~~

62 24 bullion.

62 25 6.

~~All other powers incidental to the conduct of the~~

62 26

~~business of banking.~~

~~Organize, acquire, and hold shares of~~

62 27 stock in an operations subsidiary, with the prior approval of

62 28 the superintendent.

62 29 7. Engage in the brokerage of insurance and real estate

62 30 subject to the prior approval of the superintendent.

62 31 8. Acquire and hold shares of stock in the appropriate

62 32 federal home loan bank and to exercise all powers conferred on

62 33 member banks of the federal home loan bank system that are not

62 34 inconsistent with this chapter. A purchase of federal home

62 35 loan bank shares which causes the state bank's holdings to  
63 1 exceed fifteen percent of aggregate capital requires the prior  
63 2 approval of the superintendent.

63 3 9. Acquire and hold shares of stock in the federal  
63 4 agricultural mortgage corporation or corporations engaged  
63 5 solely in the pooling of agricultural loans for the federal  
63 6 agricultural mortgage corporation guarantees.

63 7 10. Become a member of a bankers' bank.  
63 8 11. Subject to the prior approval of the superintendent,  
63 9 organize, acquire, or invest in a subsidiary for the purpose  
63 10 of engaging in any of the following:

63 11 a. Nondepository activities that a state bank is  
63 12 authorized to engage in directly under this chapter.

63 13 b. Activities that a bank service corporation is  
63 14 authorized to engage in under state or federal law or  
63 15 regulation.

63 16 c. Activities authorized pursuant to section 524.825.  
63 17 12. Acquire, hold, and improve real estate for the sole  
63 18 purpose of economic or community development, provided that  
63 19 the state bank's aggregate investment in all acquisitions and  
63 20 improvements of real estate under this subsection shall not  
63 21 exceed fifteen percent of a state bank's aggregate capital and  
63 22 shall be subject to the prior approval of the superintendent.

63 23 13. All other powers determined by the superintendent to  
63 24 be appropriate for a state bank.

63 25 Sec. 81. Section 524.803, Code 1995, is amended to read as  
63 26 follows:

63 27 524.803 BUSINESS PROPERTY OF STATE BANK.

63 28 1. A state bank shall have power to do all of the  
63 29 following:

63 30 a. Acquire and hold, or lease as lessee, such personal  
63 31 property as is used, or is to be used, in its operations.

63 32 b. Subject to the prior approval of the superintendent,  
63 33 acquire and hold, or lease as lessee, only such real property  
63 34 as is used, or is to be used, wholly or substantially, in its  
63 35 operations or acquired for future use.

64 1 c. Subject to the prior approval of the superintendent,  
64 2 acquire and hold shares in a corporation engaged solely in  
64 3 holding or operating real property used wholly or  
64 4 substantially by a state bank in its operations or acquired  
64 5 for its future use

~~and in a corporation organized solely for~~

64 6

~~the purpose of providing data processing services, as such~~

64 7

~~services are defined in the first sentence of section 524.804~~

64 8 d. Subject to the prior approval of the superintendent,  
64 9

~~invest in a bank service corporation as defined by, and in~~

64 10

~~accordance with, the laws of the United States~~

~~acquire and~~

64 11 hold shares in a corporation organized solely for the purpose  
64 12 of providing data processing services, as such services are  
64 13 defined in section 524.804.

64 14 e. Subject to the prior approval of the superintendent,  
64 15 acquire and hold shares in a corporation engaged in providing  
64 16 and operating facilities through which banks and customers may

64 17 engage, by means of either the direct transmission of  
64 18 electronic impulses to and from a bank or the recording of  
64 19 electronic impulses or other indicia of a transaction for  
64 20 delayed transmission to a bank, in transactions in which such  
64 21 banks are otherwise permitted to engage pursuant to applicable  
64 22 law.  
64 23

~~f. Organize, acquire, or invest in a subsidiary for the~~

64 24

~~purpose of engaging in any one or more of the following,~~

64 25

~~subject to the prior approval of the superintendent:~~

64 26

~~(1) Nondepository activities that a state bank is~~

64 27

~~authorized to engage in directly under this chapter.~~

64 28

~~(2) Any activity that a bank service corporation is~~

64 29

~~authorized to engage in under state or federal law or~~

64 30

~~regulation.~~

64 31

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

64 32 2. The book value of all real and personal property  
64 33 acquired and held pursuant to this section, of all alterations  
64 34 to buildings on real property owned or leased by a state bank,  
64 35 of all shares in corporations acquired pursuant to paragraphs  
65 1 "c" and

~~and~~

~~"d", and "e" of subsection 1~~

~~of this section~~

~~, and of~~

65 2 any and all obligations of such corporations to the state

65 3 bank, shall not exceed

~~twenty five~~

~~forty percent of the~~

65 4 aggregate capital

~~, surplus and undivided profits~~

~~of the state~~

65 5 bank or such larger amount as may be approved by the

65 6 superintendent.

65 7 3. Any real property which is held by a state bank

65 8 pursuant to this section and which it ceases to use for

65 9 banking purposes, or is acquired for future use but not used



65 10 within a reasonable period of time, shall be sold or disposed  
65 11 of by the state bank as directed by the superintendent.  
65 12 Sec. 82. Section [524.804](#), Code 1995, is amended to read as  
65 13 follows:  
65 14 524.804 DATA PROCESSING SERVICES.  
65 15 A state bank which owns or leases equipment to perform such  
65 16 bank services as check and deposit sorting and posting,  
65 17 computation and posting of interest and other credits and  
65 18 charges, preparation and mailing of checks, statements,  
65 19 notices, and similar items, or other clerical, bookkeeping,  
65 20 accounting, statistical, or other similar functions, may  
65 21 provide similarly related data processing services for others  
65 22 whether or not engaged in the business of banking. If a state  
65 23 bank holds shares in a corporation organized solely for the  
65 24 purpose of providing data processing services, pursuant to the  
65 25 authority granted by

~~paragraph "e" of subsection 1 of  
section~~

65 26 524.803, subsection 1, paragraph "d", other than a bank  
65 27 service corporation as defined by the laws of the United  
65 28 States, such corporation shall be authorized to perform  
65 29 services for the state bank owning such interest and for  
65 30 others, whether or not engaged in the business of banking.  
65 31 Sec. 83. Section [524.805](#), subsections 1 and 4, Code 1995,  
65 32 are amended to read as follows:  
65 33 1. A state bank may receive money for deposit and may  
65 34 provide, by resolution of the board of directors, for the  
65 35 payment of interest

~~thereon in an amount not inconsistent with~~

66 1

~~the provisions of subsection 2 of this section  
on such deposit~~

66 2 and shall repay

~~such~~

~~the~~ deposit in accordance with the terms

66 3 and conditions of its acceptance.

66 4 4. A state bank may make such charges for the handling or  
66 5 custody of deposits as may be fixed by its board of directors  
66 6 provided that a schedule of

~~such~~

~~the~~ charges shall be

66 7 furnished to the customer at the time of acceptance by the  
66 8 state bank of the initial deposit. Any change in

~~such~~

~~the~~

66 9 charges shall be furnished to the customer within a reasonable  
66 10

~~amount~~

~~period~~ of time before the effective date of

~~such~~

~~the~~

66 11 change.

66 12 Sec. 84. Section [524.805](#), subsection 2, Code 1995, is  
66 13 amended by striking the subsection.

66 14 Sec. 85. Section [524.809](#), subsection 1, Code 1995, is  
66 15 amended to read as follows:

66 16 1. A state bank may lease safe deposit boxes for the  
66 17 storage of property on terms and conditions prescribed by

~~it~~

66 18 the state bank.

~~Such~~

- The terms and conditions shall not bind

66 19

~~any~~

- a customer or the customer's successors or legal

66 20 representatives to whom the state bank does not give notice

66 21

~~thereof~~

- of such terms and conditions by delivery of a lease

66 22 and agreement in writing containing

~~such~~

- the terms and

66 23 conditions. A state bank may limit its liability provided

66 24 such limitations are set forth in the lease and agreement in

66 25 at least the same size and type as the other substantive

66 26 provisions of the

~~contract~~

- lease and agreement.

66 27 Sec. 86. Section [524.812](#), subsection 2, Code 1995, is

66 28 amended to read as follows:

66 29 2. If the rental for the safe deposit box has not been

66 30 paid

~~after~~

- prior to the expiration of the period specified in

66 31 a notice mailed pursuant to subsection 1 of this section, the

66 32 state bank may, in the presence of two of its officers, cause

66 33 the box to be opened and the contents removed. An inventory

66 34 of the contents of the safe deposit box shall be made by the

66 35 two officers present and the contents held by the state bank

67 1 for the account of the customer.

67 2 Sec. 87. Section [524.825](#), Code 1995, is amended to read as

67 3 follows:

67 4 524.825 SECURITIES ACTIVITIES.

67 5 Subject to the prior approval of the superintendent and as

67 6 authorized by rules adopted by the superintendent pursuant to

67 7 chapter 17A, a state bank or a subsidiary of a state bank

67 8 organized or acquired pursuant to section

~~524.803~~

- 524.802,

67 9 subsection

~~1~~

- 11,

~~paragraph "f"~~

- may engage in directly, or may

67 10 organize, acquire, or invest in a subsidiary for the purpose

67 11 of engaging in securities activities and any aspect of the

67 12 securities industry, including, but not limited to, any of the

67 13 following:

67 14 1. Issuing, underwriting, selling, or distributing stocks,

67 15 bonds, debentures, notes, interest in mutual funds or money-

67 16 market-type mutual funds, or other securities.

67 17 2. Organizing, sponsoring, and operating one or more

67 18 mutual funds.

67 19 3. Acting as a securities broker-dealer licensed under

67 20 chapter 502. The business relating to securities shall be  
67 21 conducted through, and in the name of, the broker-dealer. The  
67 22 requirements of chapter 502 apply to any business of the  
67 23 broker-dealer transacted in this state.  
67 24 A subsidiary engaging in activities authorized by this  
67 25 section may also engage in any other authorized activities  
67 26 under section

~~524.803~~

- 524.802, subsection

~~1, paragraph "f"~~

- 11.

67 27 Sec. 88. Section 524.901, Code 1995, is amended by  
67 28 striking the section and inserting in lieu thereof the  
67 29 following:

67 30 524.901 INVESTMENTS.

67 31 1. For purposes of this section, unless the context  
67 32 otherwise requires:

67 33 a. "Investment securities" means marketable obligations in  
67 34 the form of bonds, notes, or debentures which have been  
67 35 publicly offered, are of sound value, or are secured so as to  
68 1 be readily marketable at a fair value, and are within the four  
68 2 highest grades according to a reputable rating service or  
68 3 represent unrated issues of equivalent value. "Investment  
68 4 securities" does not include investments which are  
68 5 predominately speculative in nature.

68 6 b. "Shares" means proprietary units of ownership of a  
68 7 corporation.

68 8 2. A state bank shall not invest for its own account more  
68 9 than fifteen percent of its aggregate capital in investment  
68 10 securities of any one obligor. Any premium paid by a state  
68 11 bank for any investment securities shall not be included in  
68 12 determining the amount that may be invested under this  
68 13 subsection.

68 14 3. Subject only to the exercise of prudent banking  
68 15 judgment, a state bank may invest for its own account without  
68 16 regard to the limitation provided in subsection 2 in any of  
68 17 the following:

68 18 a. Investment securities of the United States of which the  
68 19 payment of principal and interest is fully and unconditionally  
68 20 guaranteed by the United States.

68 21 b. Investment securities issued, insured, or guaranteed by  
68 22 a department or an agency of the United States government,  
68 23 provided that the securities, insurance, or guarantee commits  
68 24 the full faith and credit of the United States for the  
68 25 repayment of the securities.

68 26 c. Investment securities of the federal national mortgage  
68 27 association or the association's successor.

68 28 d. Investment securities of the federal home loan mortgage  
68 29 corporation or the corporation's successor.

68 30 e. Investment securities of the student loan marketing  
68 31 association or the association's successor.

68 32 f. Investment securities of a federal home loan bank.

68 33 g. Investment securities of a farm credit bank.

68 34 h. Investment securities representing general obligations  
68 35 of the state of Iowa or of political subdivisions of the  
69 1 state.

69 2 4. A state bank may invest without limit in the shares or  
69 3 units of investment companies or investment trusts registered  
69 4 under the federal Investment Company Act of 1940, 15 U.S.C. }  
69 5 80a, the portfolio of which is limited to United States  
69 6 investment securities described in subsection 3 or repurchase  
69 7 agreements fully collateralized by United States investment  
69 8 securities described in subsection 3, if delivery of the  
69 9 collateral is taken either directly or through an authorized  
69 10 custodian and the dollar-weighted average maturity of the

69 11 portfolio is not more than five years. All other investments  
69 12 by a state bank in the shares or units of investment companies  
69 13 or investment trusts registered under the federal Investment  
69 14 Company Act of 1940, 15 U.S.C. } 80a, whose portfolios  
69 15 exclusively contain investment securities permissible pursuant  
69 16 to subsections 2 and 3, shall not exceed fifteen percent of  
69 17 the state bank's aggregate capital.

69 18 5. To the extent necessary to meet minimum membership or  
69 19 participation criteria, a state bank may invest for its own  
69 20 account in the shares of the appropriate federal reserve bank,  
69 21 the appropriate federal home loan bank, the federal national  
69 22 agricultural mortgage corporation or corporations engaged  
69 23 solely in the pooling of agricultural loans for federal  
69 24 agricultural mortgage corporation guarantees, and other  
69 25 similar investments acceptable to the superintendent and  
69 26 approved in writing by the superintendent. The bank's  
69 27 investment in the shares of each of the organizations is  
69 28 limited to fifteen percent of its aggregate capital or a  
69 29 higher amount as approved by the superintendent. Not-  
69 30 withstanding the specific requirements of this section, any  
69 31 shares of government-sponsored entities held by a state bank  
69 32 on or before July 1, 1995, shall be authorized.

69 33 6. A state bank, upon the approval of the superintendent,  
69 34 may acquire and hold the shares of any corporation in which a  
69 35 state bank is authorized to acquire and hold pursuant to this  
70 1 chapter.

70 2 7. A state bank, upon the approval of the superintendent,  
70 3 may invest up to five percent of its aggregate capital in the  
70 4 shares or equity interests of any of the following:

70 5 a. Economic development corporations organized under  
70 6 chapter 496B to the extent authorized by and subject to the  
70 7 limitations of that chapter.

70 8 b. Community development corporations or community  
70 9 development projects to the same extent a national bank may  
70 10 invest in such corporations or projects pursuant to 12 U.S.C.  
70 11 } 24.

70 12 c. Small business investment companies as defined by the  
70 13 laws of the United States.

70 14 d. Venture capital funds which invest an amount equal to  
70 15 at least fifty percent of a state bank's investment in small  
70 16 businesses having their principal offices within this state  
70 17 and having either more than one-half of their assets within  
70 18 this state or more than one-half of their employees employed  
70 19 within this state.

70 20 e. Small businesses having a principal office within this  
70 21 state and having either more than one-half of their assets  
70 22 within this state or more than one-half of their employees  
70 23 employed within this state. An investment by a state bank in  
70 24 a small business under this paragraph shall be included with  
70 25 the obligations of the small business to the state bank that  
70 26 are incurred as a result of the exercise by the state bank of  
70 27 the powers conferred in section 524.902 for the purpose of  
70 28 determining the total obligations of the small business  
70 29 pursuant to section 524.904. A state bank's equity interest  
70 30 investment in a small business, pursuant to this paragraph,  
70 31 shall not exceed a twenty percent ownership interest in the  
70 32 small business.

70 33 f. Other entities, acceptable to the superintendent, whose  
70 34 sole purpose is to promote economic or civic developments  
70 35 within a community or this state.

71 1 A state bank's total investment in any combination of the  
71 2 shares or equity interests of the entities identified in  
71 3 paragraphs "a" through "f" shall be limited to fifteen percent  
71 4 of its aggregate capital.

71 5 For purposes of this subsection, the term "venture capital  
71 6 fund" means a corporation, partnership, proprietorship, or  
71 7 other entity whose principal business is or will be the making

71 8 of investments in, and the providing of significant managerial  
71 9 assistance to, small businesses. The term "small business"  
71 10 means a corporation, partnership, proprietorship, or other  
71 11 entity which meets the appropriate United States small  
71 12 business administration definition of small business and which  
71 13 is principally engaged in the development or exploitation of  
71 14 inventions, technological improvements, new processes, or  
71 15 other products not previously generally available in this  
71 16 state, or other investments which provide an economic benefit  
71 17 to the state. The term "equity interests" means limited  
71 18 partnership interests and other equity interests in which  
71 19 liability is limited to the amount of the investment, but does  
71 20 not mean general partnership interests or other interests  
71 21 involving general liability.

71 22 8. A state bank, in the exercise of the powers granted in  
71 23 this chapter, may purchase cash value life insurance contracts  
71 24 which may include provisions for the lump sum payment of  
71 25 premiums and which may include insurance against the loss of  
71 26 the lump sum payment. The cash value life insurance contracts  
71 27 purchased from any one company shall not exceed fifteen  
71 28 percent of aggregate capital of the state bank, and in the  
71 29 aggregate from all companies, shall not exceed twenty-five  
71 30 percent of aggregate capital of the state bank unless the  
71 31 state bank has obtained the approval of the superintendent  
71 32 prior to the purchase of any cash value life insurance  
71 33 contract in excess of this limitation.

71 34 9. A state bank may invest without limitation for its own  
71 35 account in futures, forward, and standby contracts to purchase  
72 1 and sell any of the instruments a state bank is authorized to  
72 2 purchase and sell, subject to the prior approval of the  
72 3 superintendent and pursuant to applicable federal laws and  
72 4 regulations governing such contracts. Purchase and sale of  
72 5 such contracts shall be conducted in accordance with safe and  
72 6 sound banking practices and with the level of the activity  
72 7 being reasonably related to the state bank's business needs  
72 8 and capacity to fulfill its obligations under the contracts.

72 9 Sec. 89. Section [524.903](#), subsections 2 and 3, Code 1995,  
72 10 are amended to read as follows:

72 11 2. A state bank shall not accept such drafts in an amount  
72 12 which exceeds at any time in the aggregate for all drawers  
72 13

~~—fifty~~  
- ~~thirty~~ percent of

~~—its~~  
- ~~the state bank's aggregate~~ capital  
72 14

~~—and surplus~~  
- The superintendent may authorize a state bank to  
72 15 accept drafts in an amount not exceeding at any time in the  
72 16 aggregate for all drawers

~~—one hundred~~  
- ~~sixty~~ percent of

~~—its~~  
- ~~the~~  
72 17 ~~state bank's aggregate~~ capital,

~~—and surplus~~  
- but the aggregate  
72 18 of acceptance growing out of domestic transactions shall in no  
72 19 event exceed

~~—fifty~~

- thirty percent of

~~such~~

- aggregate capital

72 20

~~and surplus~~

-.

72 21 3. A state bank

~~may~~

-, with the prior approval of the

72 22 superintendent, may accept drafts, having not more than three

72 23 months after sight to run, drawn upon it by banks or bankers

72 24 in foreign countries, or in dependencies or insular

72 25 possessions of the United States, for the purpose of

72 26 furnishing dollar exchange as required by the usages of trade

72 27 where the drafts are drawn in an aggregate amount which shall

72 28 not at any time exceed for all such acceptance on behalf of a

72 29 single bank or banker

~~ten~~

- seven and one-half percent of the

72 30 state bank's aggregate capital

~~and surplus~~

-, and for all such

72 31 acceptances,

~~fifty~~

- thirty percent of the state bank's

72 32 aggregate capital

~~and surplus~~

-.

72 33 Sec. 90. Section [524.904](#), Code 1995, is amended by

72 34 striking the subsection and inserting in lieu thereof the

72 35 following:

73 1 524.904 LOANS AND EXTENSIONS OF CREDIT TO ONE BORROWER.

73 2 1. For purposes of this section, "loans and extensions of

73 3 credit" means a state bank's direct or indirect advance of

73 4 funds to a borrower based on an obligation of that borrower to

73 5 repay the funds or repayable from specific property pledged by

73 6 the borrower and shall include:

73 7 a. A contractual commitment to advance funds, as defined

73 8 in section 524.103.

73 9 b. A maker or endorser's obligation arising from a state

73 10 bank's discount of commercial paper.

73 11 c. A state bank's purchase of securities subject to an

73 12 agreement that the seller will repurchase the securities at

73 13 the end of a stated period.

73 14 d. A state bank's purchase of third-party paper subject to

73 15 an agreement that the seller will repurchase the paper upon

73 16 default or at the end of a stated period. The amount of the

73 17 state bank's loan is the total unpaid balance of the paper

73 18 owned by the state bank less any applicable dealer reserves

73 19 retained by the state bank and held by the state bank as

73 20 collateral security. Where the seller's obligation to

73 21 repurchase is limited, the state bank's loan is measured by

73 22 the total amount of the paper the seller may ultimately be

73 23 obligated to repurchase. A state bank's purchase of third-

73 24 party paper without direct or indirect recourse to the seller

73 25 is not a loan or extension of credit to the seller.

73 26 e. An overdraft.

73 27 f. Amounts paid against uncollected funds.

73 28 g. Loans or extensions of credit that have been charged

73 29 off the books of the state bank in whole or in part, unless

73 30 the loan or extension of credit has become unenforceable by  
73 31 reason of discharge in bankruptcy; or is no longer legally  
73 32 enforceable because of expiration of the statute of  
73 33 limitations or a judicial decision; or forgiven under an  
73 34 executed written agreement by the state bank and the borrower.  
73 35 h. The aggregate rentals payable by the borrower under  
74 1 leases of personal property by the state bank as lessor.  
74 2 i. Loans and extensions of credit to one borrower  
74 3 consisting of investments in which the state bank has invested  
74 4 pursuant to section 524.901.  
74 5 j. Amounts invested by a state bank for its own account in  
74 6 the shares and obligations of a corporation which is a  
74 7 customer of the state bank.  
74 8 k. All other loans and extensions of credit to one  
74 9 borrower of the state bank not otherwise excluded by  
74 10 subsection 7, whether directly or indirectly, primarily or  
74 11 secondarily.

74 12 2. A state bank's total outstanding loans and extensions  
74 13 of credit to one borrower shall not exceed fifteen percent of  
74 14 the state bank's aggregate capital as defined in section  
74 15 524.103, unless the additional lending provisions described in  
74 16 subsections 3, 4, and 5 apply.

74 17 3. A state bank may grant loans or extensions of credit to  
74 18 one borrower up to twenty-five percent of the state bank's  
74 19 aggregate capital if the amount that exceeds fifteen percent  
74 20 of the state bank's aggregate capital is fully secured by one  
74 21 or any combination of the following:

74 22 a. Nonnegotiable bills of lading, warehouse receipts, or  
74 23 other documents transferring or securing title covering  
74 24 readily marketable nonperishable staples when such goods are  
74 25 covered by insurance to the extent that insuring the goods is  
74 26 customary, and when the market value of the goods is not at  
74 27 any time less than one hundred twenty percent of the amount of  
74 28 the loans and extensions of credit.

74 29 b. Nonnegotiable bills of lading, warehouse receipts, or  
74 30 other documents transferring or securing title covering  
74 31 readily marketable refrigerated or frozen staples when such  
74 32 goods are fully covered by insurance and when the market value  
74 33 of the goods is not at any time less than one hundred twenty  
74 34 percent of the amount of the loans and extensions of credit.

74 35 c. Shipping documents or instruments that secure title to  
75 1 or give a first lien on livestock. At inception, the current  
75 2 value of the livestock securing the loans must equal at least  
75 3 one hundred percent of the amount of the outstanding loans and  
75 4 extensions of credit. For purposes of this section,  
75 5 "livestock" includes dairy and beef cattle, hogs, sheep, and  
75 6 poultry, whether or not held for resale. For livestock held  
75 7 for resale, current value means the price listed for livestock  
75 8 in a regularly published listing or actual purchase price  
75 9 established by invoice. For livestock not held for resale,  
75 10 the value shall be determined by the local slaughter price.  
75 11 The bank must maintain in its files evidence of purchase or an  
75 12 inspection and valuation for the livestock pledged that is  
75 13 reasonably current, taking into account the nature and  
75 14 frequency of turnover of the livestock to which the documents  
75 15 relate.

75 16 d. Mortgages, deeds of trust, or similar instruments  
75 17 granting a first lien on farm land or on single-family or two-  
75 18 family residences, subject to the provisions of section  
75 19 524.905, provided the amount loaned shall not exceed fifty  
75 20 percent of the appraised value of such real property.

75 21 e. With the prior approval of the superintendent, other  
75 22 readily marketable collateral. The market value of the  
75 23 collateral securing the loans must at all times equal at least  
75 24 one hundred percent of the outstanding loans and extensions of  
75 25 credit.

75 26 4. A state bank may grant loans and extensions of credit

75 27 to a corporate group, including the lending provisions of  
75 28 subsection 3, in an amount not to exceed twenty-five percent  
75 29 of the state bank's aggregate capital. A corporate group  
75 30 includes a person and all corporations in which the person  
75 31 owns or controls fifty percent or more of the shares entitled  
75 32 to vote.

75 33 5. A state bank may grant loans or extensions of credit to  
75 34 one borrower not to exceed thirty-five percent of the state  
75 35 bank's aggregate capital if the amount that exceeds the  
76 1 lending provisions provided in subsections 2, 3, and 4  
76 2 consists of obligations as endorser of negotiable chattel  
76 3 paper negotiated by endorsement with recourse, or as  
76 4 unconditional guarantor of nonnegotiable chattel paper, or as  
76 5 transferor of chattel paper endorsed without recourse subject  
76 6 to a repurchase agreement.

76 7 6. For purposes of this section:

76 8 a. Loans and extensions of credit to one person will be  
76 9 attributed to another person and will be considered one  
76 10 borrower if either of the following apply:

76 11 (1) The proceeds, or assets purchased with the proceeds,  
76 12 benefit another person, other than a bona fide arm's length  
76 13 transaction where the proceeds are used to acquire property,  
76 14 goods, or services.

76 15 (2) The expected source of repayment for each loan or  
76 16 extension of credit is the same for each borrower and no  
76 17 borrower has another source of income from which the loan may  
76 18 be fully repaid.

76 19 b. Loans and extensions of credit to a partnership, joint  
76 20 venture, or association are deemed to be loans and extensions  
76 21 of credit to each member of the partnership, joint venture, or  
76 22 association. This provision does not apply to limited  
76 23 partners in limited partnerships or to members of joint  
76 24 ventures or associations if the partners or members, by the  
76 25 terms of the partnership or membership agreement or other  
76 26 written agreement, are not to be held generally liable for the  
76 27 debts or actions of the partnership, joint venture, or  
76 28 association, and those provisions are valid under applicable  
76 29 law.

76 30 c. Loans and extensions of credit to members of a  
76 31 partnership, joint venture, or association are not attributed  
76 32 to the partnership, joint venture, or association unless loans  
76 33 and extensions of credit are made to the member to purchase an  
76 34 interest in the partnership, joint venture, or association, or  
76 35 the proceeds are used for a common purpose with the proceeds  
77 1 of loans and extensions of credit to the partnership, joint  
77 2 venture, or association.

77 3 d. Loans and extensions of credit to one borrower which  
77 4 are endorsed or guaranteed by another borrower will not be  
77 5 combined with loans and extensions of credit to the endorser  
77 6 or guarantor unless the endorsement or guaranty is relied upon  
77 7 as a basis for the loans and extensions of credit. A state  
77 8 bank shall not be deemed to have violated this section if the  
77 9 endorsement or guaranty is relied upon after inception of  
77 10 loans and extensions of credit, but the state bank shall, if  
77 11 required by the superintendent, dispose of loans and  
77 12 extensions of credit to one borrower in the amount in excess  
77 13 of the limitations of this section within a reasonable time as  
77 14 fixed by the superintendent.

77 15 e. When the superintendent determines the interests of a  
77 16 group of more than one borrower, or any combination of the  
77 17 members of the group, are so interrelated that they should be  
77 18 considered a unit for the purpose of applying the limitations  
77 19 of this section, some or all loans and extensions of credit to  
77 20 that group of borrowers existing at any time shall be combined  
77 21 and deemed loans and extensions of credit to one borrower. A  
77 22 state bank shall not be deemed to have violated this section  
77 23 solely by reason of the fact that loans and extensions of



77 24 credit to a group of borrowers exceed the limitations of this  
77 25 section at the time of a determination by the superintendent  
77 26 that the indebtedness of that group must be combined, but the  
77 27 state bank shall, if required by the superintendent, dispose  
77 28 of loans and extensions of credit to the group in the amount  
77 29 in excess of the limitations of this section within a  
77 30 reasonable time as fixed by the superintendent.

77 31 7. Total loans and extensions of credit to one borrower  
77 32 for the purpose of applying the limitations of this section  
77 33 shall not include any of the following:

77 34 a. Additional funds advanced for taxes or for insurance if  
77 35 the advance is for the protection of the state bank, and  
78 1 provided that such amounts receive the prior approval of the  
78 2 superintendent.

78 3 b. Accrued and discounted interest on existing loans or  
78 4 extensions of credit.

78 5 c. Any portion of a loan or extension of credit sold as a  
78 6 participation by a state bank on a nonrecourse basis, provided  
78 7 that the participation results in a pro rata sharing of credit  
78 8 risk proportionate to the respective interests of the  
78 9 originating and participating lenders. Where a participation  
78 10 agreement provides that repayment must be applied first to the  
78 11 portions sold, a pro rata sharing will be deemed to exist only  
78 12 if the agreement also provides that in the event of a default  
78 13 or comparable event defined in the agreement, participants  
78 14 must share in all subsequent repayments and collections in  
78 15 proportion to their percentage participation at the time of  
78 16 the occurrence of the event. If an originating state bank  
78 17 funds the entire loan, it must receive funding from the  
78 18 participants on the same day or the portions funded will be  
78 19 treated as loans by the originating state bank to the  
78 20 borrower.

78 21 d. Loans and extensions of credit to one borrower to the  
78 22 extent secured by a segregated deposit account which the state  
78 23 bank may lawfully set off. An amount held in a segregated  
78 24 deposit account in the name of more than one customer shall be  
78 25 counted only once with respect to all borrowers. Where the  
78 26 deposit is eligible for withdrawal before the secured loan  
78 27 matures, the state bank must establish internal procedures to  
78 28 prevent release of the security without the state bank's prior  
78 29 consent.

78 30 e. Loans and extensions of credit to one borrower which is  
78 31 a bank.

78 32 f. Loans and extensions of credit to one borrower which  
78 33 are fully secured by bonds and securities of the kind in which  
78 34 a state bank is authorized to invest for its own account  
78 35 without limitation under section 524.901, subsection 3.

79 1 g. Loans and extensions of credit to a federal reserve  
79 2 bank or to the United States, or of any department, bureau,  
79 3 board, commission, agency, or establishment of the United  
79 4 States, or to any corporation owned directly or indirectly by  
79 5 the United States, or loans and extensions of credit to one  
79 6 borrower to the extent that such loans and extensions of  
79 7 credit are fully secured or guaranteed or covered by  
79 8 unconditional commitments or agreements to purchase by a  
79 9 federal reserve bank or by the United States, or any  
79 10 department, bureau, board, commission, agency, or  
79 11 establishment of the United States, or any corporation owned  
79 12 directly or indirectly by the United States. Loans and  
79 13 extensions of credit to one borrower secured by a lease on  
79 14 property under the terms of which the United States, or any  
79 15 department, bureau, board, commission, agency, or  
79 16 establishment of the United States, or any corporation owned  
79 17 directly or indirectly by the United States, or the state of  
79 18 Iowa, or any political subdivision of the state, is lessee and  
79 19 under the terms of which the aggregate rentals payable to the  
79 20 borrower will be sufficient to satisfy the amount loaned is

79 21 considered to be loans and extensions of credit secured or  
79 22 guaranteed as provided for in this paragraph.  
79 23 h. Loans and extensions of credit to one borrower as the  
79 24 drawer of drafts drawn in good faith against actually existing  
79 25 values in connection with a sale of goods which have been  
79 26 endorsed by the borrower with recourse or which have been  
79 27 accepted.

79 28 i. Loans and extensions of credit arising out of the  
79 29 discount of commercial paper actually owned by a borrower  
79 30 negotiating the same and endorsed by a borrower without  
79 31 recourse and which is not subject to repurchase by a borrower.

79 32 j. Loans and extensions of credit drawn by a borrower in  
79 33 good faith against actually existing values and secured by  
79 34 nonnegotiable bills of lading for goods in process of  
79 35 shipment.

80 1 k. Loans and extensions of credit in the form of  
80 2 acceptances of other banks of the kind described in section  
80 3 524.903, subsection 3.

80 4 l. Loans and extensions of credit of the borrower by  
80 5 reason of acceptances by the state bank for the account of the  
80 6 borrower pursuant to section 524.903, subsection 1.

80 7 Sec. 91. Section [524.908](#), Code 1995, is amended by  
80 8 striking the section and inserting in lieu thereof the  
80 9 following:

80 10 524.908 LEASING OF PERSONAL PROPERTY.

80 11 A state bank may make leases as authorized by rules adopted  
80 12 by the superintendent under chapter 17A.

80 13 Sec. 92. NEW SECTION. 524.1009 SUCCESSION TO FIDUCIARY  
80 14 ACCOUNTS AND APPOINTMENTS &ndash; APPLICATION FOR APPOINTMENT OF  
80 15 NEW FIDUCIARY.

80 16 1. If a party to a plan of merger was authorized to act in  
80 17 a fiduciary capacity and if the resulting state or national  
80 18 bank is similarly authorized, the resulting state or national  
80 19 bank shall be automatically substituted by reason of the  
80 20 merger as fiduciary of all accounts held in that capacity by  
80 21 such party to the plan, without further action and without any  
80 22 order or decree of any court or public officer, and shall have  
80 23 all the rights and be subject to all the obligations of such  
80 24 party as fiduciary.

80 25 2. No designation, nomination, or appointment as fiduciary  
80 26 of a party to a plan of merger shall lapse by reason of the  
80 27 merger. The resulting state or national bank, if authorized  
80 28 to act in a fiduciary capacity, shall be entitled to act as  
80 29 fiduciary pursuant to each designation, nomination, or  
80 30 appointment to the same extent as the party to the plan so  
80 31 named could have acted in the absence of the merger.

80 32 3. Any person with an interest in an account held in a  
80 33 fiduciary capacity by a party to a plan of merger may, within  
80 34 sixty days after the effective date of the merger, apply to  
80 35 the district court in the county in which the resulting state  
81 1 or national bank has its principal place of business, for the  
81 2 appointment of a new fiduciary to replace the resulting state  
81 3 or national bank on the ground that the merger will adversely  
81 4 affect the administration of the fiduciary account. The court  
81 5 shall have the discretion to appoint a new fiduciary to  
81 6 replace the resulting state or national bank if it should  
81 7 find, upon hearing after notice to all interested parties,  
81 8 that the merger will adversely affect the administration of  
81 9 the fiduciary account and that the appointment of a new  
81 10 fiduciary will be in the best interests of the beneficiaries  
81 11 of the fiduciary account. This provision is in addition to  
81 12 any other provision of law governing the removal of  
81 13 fiduciaries and is subject to the terms upon which the party  
81 14 to the plan which held the fiduciary account was designated as  
81 15 fiduciary.

81 16 Sec. 93. Section [524.1102](#), Code 1995, is amended to read  
81 17 as follows:

81 18 524.1102 LOANS AND OTHER TRANSACTIONS WITH AFFILIATES.  
81 19

~~No~~

- A state bank shall not make any loan or any extension of  
81 20 credit to, or purchase securities under repurchase agreement  
81 21 from, any of its affiliates, or invest any of its funds in the  
81 22 shares, bonds, capital securities, or other obligations of

~~any~~

81 23

~~such~~

- an affiliate, or accept the shares, bonds, capital  
81 24 securities, or other obligations of

~~any such~~

- an affiliate as  
81 25 collateral security for advances made to any customer, if the  
81 26 aggregate amount of

~~such~~

- the loans, extensions of credit,  
81 27 repurchase agreements, investments and advances against such  
81 28 collateral security will exceed:  
81 29 1. In the case of any one

~~such~~

- affiliate, ten percent of  
81 30 the aggregate capital

~~and surplus~~

- of the state bank.

~~However,~~

81 31

~~a state bank may invest its funds in shares of a bank service~~

81 32

~~corporation pursuant to section 524.803, subsection 1,~~

81 33

~~paragraph f, in an amount up to twenty percent of the capital~~

81 34

~~and surplus of the state bank.~~

81 35 2. In the case of all such affiliates, twenty percent of  
82 1 the aggregate capital

~~and surplus~~

- of

~~such~~

- the state bank.

82 2 Within the foregoing limitations, each loan or extension of  
82 3 credit of any kind or character to an affiliate shall be  
82 4 secured by collateral in the form of shares of stock, bonds,  
82 5 capital securities or other such obligations having a market  
82 6 value at the time of making the loan or extension of credit of  
82 7 at least twenty percent more than the amount of the loan or

82 8 extension of credit, or of at least ten percent more than the  
82 9 amount of the loan or extension of credit if it is secured by  
82 10 obligations of any state, or of any political subdivision or  
82 11 agency of the state, or of at least one hundred percent of the  
82 12 amount of the loan or extension of credit if it is secured by  
82 13 a segregated

~~— earmarked~~  
- deposit account

~~— with~~  
- which the state  
82 14 bank may set off.  
82 15 A loan or extension of credit to a director, officer,  
82 16 clerk, or other employee or any representative of any

~~— such~~  
-  
82 17 affiliate

~~— shall be~~  
- is deemed to be a loan to the affiliate to  
82 18 the extent that the proceeds of such loan are used for the  
82 19 benefit of, or transferred to, the affiliate.  
82 20 The provisions of this section shall not apply to loans or  
82 21 extensions of credit fully secured by obligations of the  
82 22 United States, or the farm credit banks, or the federal home  
82 23 loan banks, or obligations fully guaranteed by the United  
82 24 States as to principal and interest. The provisions of this  
82 25 section shall

~~— likewise~~  
- not apply to indebtedness of any  
82 26 affiliate for unpaid balances due a state bank on assets  
82 27 purchased from

~~— such~~  
- the state bank.  
82 28 For

~~— the~~  
- purposes of this section, the terms "extension of  
82 29 credit" and "extensions of credit"

~~— shall be~~  
- are deemed to  
82 30 include any purchase of securities under a repurchase  
82 31 agreement, other assets or obligations under a repurchase  
82 32 agreement, and the discount of promissory notes, bills of  
82 33 exchange, conditional sales contracts, or similar paper,  
82 34 whether with or without recourse.  
82 35 Sec. 94. Section [524.1103](#), Code 1995, is amended by adding  
83 1 the following new subsection:  
83 2 NEW SUBSECTION. 7. Which is an operations subsidiary or  
83 3 other subsidiary in which the state bank owns or controls  
83 4 eighty percent or more of the voting shares. However, an  
83 5 operations subsidiary shall not conduct any activity at any  
83 6 location where the state bank itself would not be permitted to  
83 7 conduct that activity without the prior approval of the  
83 8 superintendent.  
83 9 Sec. 95. Section 524.1202, subsection 2, paragraph d, Code  
83 10 1995, is amended to read as follows:  
83 11 d. One such facility

~~— that is~~  
- located

~~on the same property,~~

83 12

~~or that is adjacent to or cornering upon the property on which~~

83 13

~~an office of a bank is located, or that is separated from~~

83 14

~~being adjacent to or cornering upon the property only by a~~

83 15

~~street, alley, or other publicly owned right of way, may be~~

83 16

~~found by the superintendent to be an integral part of that~~

83 17

~~office location and not a separate bank office~~

~~in the~~

83 18 proximity of a state bank's office may be found by the

83 19 superintendent to be an integral part of the bank office and

83 20 not a bank office within the meaning of this section. This

83 21 paragraph does not authorize more than one facility to be

83 22 found to be an integral part of a bank office.

83 23 Sec. 96. Section [524.1301](#), Code 1995, is amended by

83 24 striking the section and inserting in lieu thereof the

83 25 following:

83 26 524.1301 DISSOLUTION BY INCORPORATORS OR INITIAL

83 27 DIRECTORS.

83 28 A majority of the incorporators or initial directors of a

83 29 state bank that has not issued shares or has not commenced

83 30 business may dissolve the state bank by delivering articles of

83 31 dissolution to the superintendent, together with the

83 32 applicable filing and recording fees, for filing with the

83 33 secretary of state that set forth all of the following:

83 34 1. The name of the state bank.

83 35 2. The date of its incorporation.

84 1 3. Either of the following:

84 2 a. That the state bank has not issued any shares.

84 3 b. That the state bank has not commenced business.

84 4 4. That no debt of the state bank remains unpaid.

84 5 5. If shares were issued, that the net assets of the state

84 6 bank remaining after the payment of all necessary expenses

84 7 have been distributed to the shareholders.

84 8 6. That a majority of the incorporators or initial

84 9 directors authorized the dissolution.

84 10 Sec. 97. Section [524.1303](#), Code 1995, is amended to read

84 11 as follows:

84 12 524.1303 VOLUNTARY DISSOLUTION AFTER COMMENCEMENT OF

84 13 BUSINESS.

84 14 1. A state bank which has commenced business may propose

84 15 to voluntarily dissolve upon the affirmative vote of the

84 16 holders of at least

~~three fourths~~

~~a majority~~ of the shares

84 17 entitled to vote

~~thereon~~

~~on the voluntary dissolution,~~

84 18 adopting a plan of dissolution involving both a provision for  
84 19 acquisition of its assets and assumption of its liabilities by  
84 20 another state bank,

~~—or~~

~~— national bank, or other financial~~

84 21 institution insured by the federal deposit insurance

84 22 corporation and a provision for continuance of its business if  
84 23 acquisition of its assets and assumption of its liabilities is  
84 24 not effected, or any other plan of dissolution providing for  
84 25 full payment of its liabilities.

84 26 2. Upon

~~—receipt~~

~~— acceptance for processing of an~~

84 27 application for approval of a plan of dissolution on forms  
84 28 prescribed by the superintendent, the superintendent shall  
84 29 conduct such investigation as the superintendent may deem  
84 30 necessary to determine whether the plan adequately protects  
84 31 the interests of depositors, other creditors and shareholders  
84 32 and, if the plan involves an acquisition of assets and  
84 33 assumption of liabilities by another state bank, whether such  
84 34 acquisition and assumption would be consistent with adequate  
84 35 and sound banking and in the public interest, on the basis of  
85 1 factors substantially similar to those set forth in section  
85 2 524.1403, subsection 1, paragraph "d".

~~—Within ninety days~~

~~—~~  
85 3

~~—after receipt of the application, the superintendent shall~~

~~—~~  
85 4

~~—approve or disapprove the application on the basis of the~~

~~—~~  
85 5

~~—superintendent's investigation. Before receiving the decision~~

~~—~~  
85 6

~~—of the superintendent with respect to the pending application,~~

~~—~~  
85 7

~~—the applying state bank shall, upon notice, reimburse the~~

~~—~~  
85 8

~~—superintendent to the extent of the expenses incurred by the~~

~~—~~  
85 9

~~—superintendent in connection with the application. Thereafter~~

~~—~~  
85 10

~~—the superintendent shall give to the applying state bank~~

~~—~~  
85 11

~~—written notice of the superintendent's decision, and in the~~

~~—~~  
85 12

~~event of disapproval, a statement of the reasons for the~~

85 13

~~decision. The decision of the superintendent shall be subject~~

85 14

~~to judicial review in accordance with the terms of the Iowa~~

85 15

~~administrative procedure Act.~~

85 16 3.

~~When a state bank has proposed to dissolve by adopting~~

85 17

~~a plan of dissolution involving a provision for acquisition of~~

85 18

~~its assets and assumption of its liabilities by another state~~

85 19

~~bank, the dissolving bank shall publish~~

~~Within thirty days~~

85 20 after the application for dissolution involving a provision of

85 21 acquisition of the state bank's assets and assumption of its

85 22 liabilities by another state bank is accepted for processing,

85 23 the dissolving bank shall publish once each week for two

85 24 consecutive weeks a notice of the proposed transaction. The

85 25 notice shall be published

~~once each week for two successive~~

85 26

~~weeks~~

~~in a newspaper of general circulation~~

~~published~~

~~in the~~

85 27 municipal corporation or unincorporated area in which the

85 28 dissolving bank has its principal place of business, and in

85 29 the municipal corporation or unincorporated area in which the

85 30 acquiring state bank has its principal place of business, or

85 31 if there is none, a newspaper of general circulation

~~published~~

85 32 in the county or counties, or in a county adjoining the county

85 33 or counties, in which the dissolving bank and the acquiring

85 34 bank have their principal place of business.

~~The publication~~

85 35

~~of notice shall be made within thirty days after making~~

86 1

~~application to the superintendent for approval of the plan of~~

~~-~~  
86 2

~~·~~  
~~dissolution, and proof of publication of the notice shall be~~

~~-~~  
86 3

~~·~~  
~~delivered to the superintendent. The notice shall set forth~~

~~-~~  
86 4

~~·~~  
~~the name of the dissolving state bank and of the acquiring~~

~~-~~  
86 5

~~·~~  
~~state bank, the location and post office address of the~~

~~-~~  
86 6

~~·~~  
~~principal place of business of the dissolving state bank and~~

~~-~~  
86 7

~~·~~  
~~of the acquiring state bank and of each office to be~~

~~-~~  
86 8

~~·~~  
~~maintained by the acquiring state bank and a brief statement~~

~~-~~  
86 9

~~·~~  
~~of the nature of the proposed transaction. Prior to making a~~

~~-~~  
86 10

~~·~~  
~~determination on the pending application, the superintendent~~

~~-~~  
86 11

~~·~~  
~~shall give adequate notice of the pending application, and may~~

~~-~~  
86 12

~~·~~  
~~afford all interested parties an opportunity for a~~

~~-~~  
86 13

~~·~~  
~~stenographically reported hearing during which such parties~~

~~-~~  
86 14

~~·~~  
~~shall be allowed to present evidence in support of, or in~~

~~-~~  
86 15

~~·~~  
~~opposition to, the pending application.~~

~~-~~  
The notice shall be

86 16 on forms provided by the superintendent, and proof of

86 17 publication of the notice shall be delivered to the

86 18 superintendent.

86 19

~~·~~  
~~The superintendent shall conduct such hearing if any~~

~~-~~  
86 20

~~·~~  
~~interested person files an objection to the pending~~



86 21

~~application and requests a hearing. If the superintendent~~

86 22

~~finds that the superintendent must act immediately on the~~

86 23

~~pending application in order to protect the interests of~~

86 24

~~depositors or the assets of the dissolving bank, the~~

86 25

~~superintendent may proceed without requiring publication of~~

86 26

~~the notice referred to in this subsection.~~

86 27 4. Within thirty days after the date of the second  
86 28 publication of the notice, any interested person may submit to  
86 29 the superintendent written comments and data on the  
86 30 application. The superintendent may extend the thirty-day  
86 31 comment period if, in the superintendent's judgment,  
86 32 extenuating circumstances exist.

86 33 5. Within thirty days after the date of the second  
86 34 publication of the notice, any interested person may submit to  
86 35 the superintendent a written request for a hearing on the  
87 1 application. The request shall state the nature of the issues  
87 2 or facts to be presented and the reasons why written  
87 3 submissions would be insufficient to make an adequate  
87 4 presentation to the superintendent. If the reasons are  
87 5 related to factual disputes, the disputes shall be described.  
87 6 Comments challenging the legality of an application shall be  
87 7 submitted separately in writing and shall not be considered at  
87 8 a hearing conducted pursuant to this section. Written  
87 9 requests for hearings shall be evaluated by the  
87 10 superintendent, who may grant or deny such requests in whole  
87 11 or in part. A hearing request shall generally be granted only  
87 12 if it is determined that written submissions would be  
87 13 inadequate or that a hearing would otherwise be beneficial to  
87 14 the decision-making process. A hearing may be limited to  
87 15 issues considered material by the superintendent.

87 16 6. If a request for a hearing has been made and denied,  
87 17 the superintendent shall notify the applicant and all  
87 18 interested persons and shall state the reasons for the denial.  
87 19 Interested persons may submit to the superintendent, with  
87 20 simultaneous copies to the applicant, additional written  
87 21 comments or information on the application within fourteen  
87 22 days after the date of the notice of denial. The applicant  
87 23 shall be provided an additional seven days, after the  
87 24 fourteen-day deadline has expired, within which to respond to  
87 25 any comments submitted within the fourteen-day period. The  
87 26 superintendent may waive this seven-day period upon request by  
87 27 the applicant. A copy of any response submitted by the  
87 28 applicant shall also be mailed simultaneously by the applicant  
87 29 to the interested persons.

87 30 Sec. 98. Section [524.1304](#), Code 1995, is amended by  
87 31 striking the section and inserting in lieu thereof the  
87 32 following:

87 33 524.1304 VOLUNTARY DISSOLUTION & APPROVAL.

87 34 1. Within ninety days after acceptance of the application  
87 35 for processing, the superintendent shall approve or disapprove  
88 1 the application for voluntary dissolution on the basis of the  
88 2 superintendent's investigation. As a condition of receiving  
88 3 the decision of the superintendent with respect to the  
88 4 application, the applying state bank shall reimburse the  
88 5 superintendent for all expenses incurred by the superintendent  
88 6 in connection with the application. The superintendent shall  
88 7 give to the applying state bank written notice of the  
88 8 superintendent's decision. The decision of the superintendent  
88 9 shall be subject to judicial review pursuant to chapter 17A.

88 10 2. Upon approval of the plan of voluntary dissolution by  
88 11 the superintendent, the superintendent shall file with the  
88 12 secretary of state articles of dissolution prepared by the  
88 13 applicant in conformance with section 524.1304A. Upon filing  
88 14 of the articles of dissolution with the secretary of state,  
88 15 the state bank shall cease to accept deposits or carry on its  
88 16 business, except insofar as may be necessary for the proper  
88 17 winding up of the business of the state bank in accordance  
88 18 with the approved plan of dissolution.

88 19 3. If applicable state or federal laws require approval by  
88 20 an appropriate state or federal agency, the superintendent may  
88 21 withhold delivery of the approved articles of dissolution  
88 22 until the superintendent receives notice of the decision of  
88 23 such agency. If the final approval of the agency is not given  
88 24 within six months of the superintendent's approval, then the  
88 25 superintendent shall notify the applying state bank that the  
88 26 approval of the superintendent has been rescinded for that  
88 27 reason.

88 28 Sec. 99. NEW SECTION. 524.1304A ARTICLES OF DISSOLUTION.

88 29 1. At any time after the dissolution of a state bank is  
88 30 authorized, the state bank may dissolve by delivering to the  
88 31 superintendent for filing with the secretary of state articles  
88 32 of dissolution setting forth all of the following:

88 33 a. The name of the state bank.

88 34 b. The date dissolution was authorized.

88 35 c. The number of votes entitled to be cast by the  
89 1 shareholders on the proposal to dissolve.

89 2 d. The total number of shareholder votes cast for and  
89 3 against dissolution, or the total number of undisputed votes  
89 4 cast for dissolution and a statement that the number cast for  
89 5 dissolution was sufficient for approval.

89 6 e. If voting by voting groups was required, the  
89 7 information required by paragraphs "c" and "d" must be  
89 8 separately provided for each voting group entitled to vote  
89 9 separately on the plan to dissolve.

89 10 f. That all debts, obligations, and liabilities of the  
89 11 state bank will be paid or otherwise discharged or that  
89 12 adequate provision will be made for such discharge.

89 13 g. That all the remaining property and assets of the state  
89 14 bank will be distributed among its shareholders in accordance  
89 15 with their respective rights and interests.

89 16 h. That there are no legal actions pending against the  
89 17 state bank in any court or that adequate provision has been  
89 18 made for the satisfaction of any judgment, order, or decree  
89 19 which may be entered against it in any pending legal action.

89 20 2. A state bank is dissolved upon the effective date of  
89 21 its articles of dissolution.

89 22 Sec. 100. Section 524.1305, subsections 1, 2, and 3, Code  
89 23 1995, are amended to read as follows:

89 24 1. The board of directors shall have full power to wind up  
89 25 and settle the affairs of a state bank in voluntary  
89 26 dissolution proceedings, including the power to do all of the  
89 27 following:

89 28 a. Collecting the assets of the state bank.

89 29 b. Disposing of its properties that will not be  
89 30 distributed in kind to its shareholders.

89 31 c. Discharging or making provision for discharging its  
89 32 liabilities.  
89 33 d. Distributing its remaining property among its  
89 34 shareholders according to their interests.  
89 35 e. Doing every other act necessary to wind up and  
90 1 liquidate its business and affairs.  
90 2 1A. Dissolution of a state bank does not result in any of  
90 3 the following:  
90 4 a. Transferring title to the state bank's property.  
90 5 b. Preventing transfer of its shares or securities,  
90 6 although the authorization to dissolve may provide for closing  
90 7 the state bank's share transfer records.  
90 8 c. Subjecting its directors or officers to standards of  
90 9 conduct different from those prescribed by this chapter prior  
90 10 to dissolution.  
90 11 d. Changing quorum or voting requirements for its board of  
90 12 directors or shareholders; changing provisions for selection,  
90 13 resignation, or removal of its directors or officers or both;  
90 14 or changing provisions for amending its bylaws.  
90 15 e. Preventing commencement of a proceeding by or against  
90 16 the state bank in its name.  
90 17 f. Abating or suspending a proceeding pending by or  
90 18 against the state bank on the effective date of dissolution.  
90 19 2. Within thirty days after

~~the issuance by~~  
~~filing of the~~  
90 20 articles of dissolution with the secretary of state

~~of an~~

90 21

~~approved copy of the statement of intent to dissolve~~  
~~, the~~

90 22 state bank shall give notice of its dissolution:  
90 23 a. By mail to each depositor and creditor.

~~except those~~

90 24 as to whom the liability of the state bank has been assumed by  
90 25 another

~~state bank or national bank~~  
~~financial institution~~

90 26 insured by the federal deposit insurance corporation pursuant  
90 27 to the plan

~~at their last address of record as shown upon~~  
90 28 the books of the bank, including a statement of the amount  
90 29 shown by the books of the state bank to be due to such  
90 30 depositor or creditor and a demand that any claim for a  
90 31 greater amount be filed with the state bank any time before a  
90 32 specified date at least ninety days after the date of the  
90 33 notice.

90 34 b. By mail to each lessee of a safe-deposit box and each  
90 35 customer for whom property is held in safekeeping.

~~except~~

91 1 those as to whom the liability of the state bank has been  
91 2 assumed by another

~~state bank or national bank~~  
~~financial~~

91 3 institution insured by the federal deposit insurance

91 4 corporation pursuant to the plan

~~→~~  
- , at their last

~~known~~  
- address

91 5 of record as shown upon the books of the state bank, including  
91 6 a demand that all property held in a safe-deposit box or held  
91 7 in safekeeping by the state bank be withdrawn by the person  
91 8 entitled

~~thereto~~  
- to the property before a specified date which

91 9 is at least ninety days after the date of the notice.  
91 10 c. By mail to each person, at the person's last known  
91 11 address as shown upon the books of the state bank, interested  
91 12 in funds held in a fiduciary account or other representative  
91 13 capacity.  
91 14 d. By a conspicuous posting at each office of the state  
91 15 bank.  
91 16 e. By such publication as the superintendent may  
91 17 prescribe.  
91 18 3. As soon after the

~~issuance of an approved statement of~~  
-  
91 19

~~intent to dissolve~~  
- approval of the plan of dissolution and the

91 20 filing of the articles of dissolution as feasible, the state  
91 21 bank shall resign all fiduciary appointments and take such  
91 22 action as may be necessary to settle its fiduciary accounts.  
91 23 Sec. 101. Section 524.1306, subsection 1, Code 1995, is  
91 24 amended to read as follows:  
91 25 1. A state bank may, at any time prior to the

~~issuance of~~  
-  
91 26

~~the approved copy of the statement of intent to dissolve by~~  
-

91 27 filing of the articles of dissolution with the secretary of  
91 28 state, revoke voluntary dissolution proceedings as provided  
91 29 for in section 490.1404.  
91 30 Sec. 102. NEW SECTION. 524.1308A KNOWN CLAIMS AGAINST  
91 31 DISSOLVED STATE BANK.  
91 32 1. A dissolved state bank may dispose of the known claims  
91 33 against it pursuant to this section.  
91 34 2. The dissolved state bank shall notify its known  
91 35 claimants in writing of the dissolution at any time after the  
92 1 effective date of the dissolution. The written notice must  
92 2 include all of the following:  
92 3 a. A description of information that must be included in a  
92 4 claim.  
92 5 b. The mailing address where a claim may be sent.  
92 6 c. The deadline for submitting a claim, which may not be  
92 7 fewer than one hundred twenty days from the effective date of  
92 8 the written notice, by which the dissolved state bank must  
92 9 receive the claim.  
92 10 d. A statement that the claim will be barred if not  
92 11 received by the deadline.  
92 12 3. A claim against the dissolved state bank is barred if  
92 13 either of the following occur:  
92 14 a. A claimant who was given written notice under

92 15 subsection 2 does not deliver the claim to the dissolved state  
92 16 bank by the deadline.  
92 17 b. A claimant whose claim was rejected by the dissolved  
92 18 state bank does not commence a proceeding to enforce the claim  
92 19 within ninety days from the effective date of the rejection  
92 20 notice.  
92 21 4. For purposes of this section, "claim" does not include  
92 22 a contingent liability or a claim based upon an event  
92 23 occurring after the effective date of dissolution.  
92 24 Sec. 103. NEW SECTION. 524.1308B UNKNOWN CLAIMS AGAINST  
92 25 DISSOLVED STATE BANK.  
92 26 1. A dissolved state bank may publish notice of its  
92 27 dissolution and request that persons with claims against the  
92 28 state bank present them in accordance with the notice.  
92 29 2. A notice made pursuant to this section must satisfy all  
92 30 of the following requirements:  
92 31 a. Be published at least once in a newspaper of general  
92 32 circulation in the county where the dissolved state bank's  
92 33 principal office is located.  
92 34 b. Include a description of the information that must be  
92 35 included in a claim and provide a mailing address where the  
93 1 claim may be sent.  
93 2 c. Include a statement that a claim against the state bank  
93 3 will be barred unless a proceeding to enforce the claim is  
93 4 commenced within two years after the publication of the  
93 5 notice.  
93 6 3. If the dissolved state bank publishes a newspaper  
93 7 notice pursuant to subsection 2, the claim of each of the  
93 8 following claimants is barred unless the claimant commences a  
93 9 proceeding to enforce the claim against the dissolved state  
93 10 bank within two years after the publication date of the  
93 11 newspaper notice:  
93 12 a. A claimant who did not receive written notice under  
93 13 section 524.1308A.  
93 14 b. A claimant whose claim was timely sent to the dissolved  
93 15 state bank but not acted on.  
93 16 c. A claimant whose claim is contingent or based on an  
93 17 event occurring after the effective date of dissolution.  
93 18 4. A claim may be enforced under this section as follows:  
93 19 a. Against the dissolved state bank, to the extent of its  
93 20 undistributed assets.  
93 21 b. If the assets have been distributed in liquidation,  
93 22 against a shareholder of the dissolved state bank to the  
93 23 extent of the shareholder's pro rata share of the claim or the  
93 24 state bank's assets distributed to the shareholder in  
93 25 liquidation, whichever is less, but a shareholder's total  
93 26 liability for all claims under this section shall not exceed  
93 27 the total amount of assets distributed to the shareholder in  
93 28 liquidation.  
93 29 Sec. 104. Section 524.1309, unnumbered paragraph 1, Code  
93 30 1995, is amended to read as follows:  
93 31 In lieu of the dissolution procedure prescribed in sections  
93 32 524.1303 to

~~524.1308~~

~~524.1306~~, a state bank may cease to carry

93 33 on the business of banking and, after compliance with this  
93 34 section, continue as a corporation subject to chapter 490.

93 35 Sec. 105. Section 524.1309, subsections 1, 3, 4, 5, and  
94 1 10, Code 1995, are amended to read as follows:

94 2 1. A state bank which has commenced business may propose  
94 3 to voluntarily cease to carry on the business of banking and  
94 4 become a corporation subject to chapter 490 upon the  
94 5 affirmative vote of the holders of at least

~~three-fourths~~

- a

94 6 majority of the shares entitled to vote

~~thereon~~

~~on such~~

94 7 proposal, adopting a plan involving both a provision for  
94 8 acquisition of its assets and assumption of its liabilities by  
94 9 another state bank,

~~or~~

~~national bank, or other financial~~

94 10 institution insured by the federal deposit insurance  
94 11 corporation, and a provision for continuance of its business  
94 12 if acquisition of its assets and assumption of its liabilities  
94 13 is not effected, or any other plan providing for the cessation  
94 14 of banking business and the payment of its liabilities.  
94 15 3. Immediately upon adoption and approval of a plan to  
94 16 voluntarily cease to carry on the business of banking and  
94 17 become a corporation subject to chapter 490, the state bank  
94 18 shall deliver to the superintendent a

~~statement of its intent~~

~~plan~~ to cease

~~to carry on~~

~~the business of banking and become a~~  
94 20 corporation subject to chapter 490, which shall be signed by  
94 21 two of its duly authorized officers and shall contain the name  
94 22 of the state bank, the post office address of its principal  
94 23 place of business, the name and address of its officers and  
94 24 directors, the number of shares entitled to vote on the plan  
94 25 and the number of shares voted for or against the plan,  
94 26 respectively, the nature of the business to be conducted by  
94 27 the corporation under chapter 490, and the general nature of  
94 28 the assets to be held by the corporation.  
94 29 4.

~~If the statement of intent to cease to carry on the~~

~~business of banking and become a corporation subject to~~

~~chapter 490 satisfies the requirements of this section, the~~

~~superintendent shall deliver the statement with written~~

~~approval to the secretary of state who shall issue to the~~

~~state bank an approved copy of the statement.~~

~~Upon~~

~~the~~

~~issuance of an approved copy of the statement of intent~~

~~approval of the plan by the superintendent, the state bank~~

~~approval of the plan by the superintendent, the state bank~~

~~Upon~~

~~the~~

~~issuance of an approved copy of the statement of intent~~

~~approval of the plan by the superintendent, the state bank~~

95 1 approval of the plan by the superintendent, the state bank

95 2 shall immediately surrender to the superintendent its  
95 3 authorization to do business as a bank and shall cease to  
95 4 accept deposits

~~or~~

~~and~~ carry on the banking business except

95 5 insofar as may be necessary for it to complete the settlement  
95 6 of its affairs as a state bank in accordance with subsection  
95 7 5.

95 8 5. The board of directors has full power to complete the  
95 9 settlement of the affairs of the state bank. Within thirty  
95 10 days after

~~the issuance of an approved copy of the statement~~

95 11

~~of intent to cease to carry on~~

~~approval by the superintendent~~

95 12 ~~of the plan to cease~~ the business of banking and become a  
95 13 corporation subject to chapter 490, the state bank shall give  
95 14 notice of its intent to persons

~~described in subsection 2 of~~

95 15 ~~identified in~~ section 524.1305

~~and~~

~~, subsection 3,~~ in the

95 16 manner provided for in that subsection. In completing the  
95 17 settlement of its affairs as a state bank the state bank shall  
95 18 also follow the procedure prescribed in

~~subsections 3, 4 and 5~~

95 19

~~of~~

~~section 524.1305, subsections 3, 4, and 5.~~

95 20 10. A state bank

~~may~~

~~, at any time prior to the~~

~~issuance of~~

95 21

~~the approved copy of the statement of intent to cease to carry~~

95 22

~~on the business of banking and become a corporation~~

~~approval~~

95 23 ~~of the articles of intent to become~~ subject to chapter 490,  
95 24 ~~may~~ revoke the proceedings in the manner prescribed by section  
95 25 524.1306.

95 26 Sec. 106. Section [524.1309](#), subsection 6, Code 1995, is  
95 27 amended by striking the subsection.

95 28 Sec. 107. Section [524.1314](#), subsection 2, Code 1995, is  
95 29 amended to read as follows:

95 30 2. Subsequent to the dissolution of a state bank, other  
95 31 than through the adoption of a plan involving a provision for  
95 32 acquisition of its assets and assumption of its liabilities by  
95 33 another state

~~or~~

~~- bank, national bank, or other financial~~  
95 34 ~~institution insured by the federal deposit insurance~~  
95 35 ~~corporation, the superintendent~~

~~- shall~~

~~- may assume custody of~~  
96 1 the records of the state bank and, ~~if so,~~ shall retain them in  
96 2 accordance with the provisions of section 524.221. The  
96 3 superintendent may make copies of such records in accordance  
96 4 with the provisions of

~~- subsection 1 of~~

~~- section 524.221,~~  
96 5 ~~subsection 1.~~  
96 6 Sec. 108. Section 524.1401, Code 1995, is amended to read  
96 7 as follows:  
96 8 524.1401 AUTHORITY TO MERGE

~~- OR CONSOLIDATE~~

~~-~~  
96 9 1. Upon compliance with the requirements of this chapter,  
96 10 one or more state banks,

~~- or~~

~~- one or more national banks, one or~~  
96 11 ~~more state associations, one or more federal associations, one~~  
96 12 ~~or more corporations, or any combination of~~

~~- state and national~~

~~-~~  
96 13

~~- banks, may merge or consolidate into a national bank or~~

~~- these~~

96 14 entities, with the approval of the superintendent, may merge  
96 15 into a state bank

~~- or consolidate into a new state bank~~

~~-~~  
96 16 2. Upon compliance with the requirements of this chapter,  
96 17 one or more state banks may merge into a national bank. The  
96 18 authority of a state bank to merge

~~- or consolidate~~

~~- into a~~

96 19 national bank

~~- shall be~~

~~- is~~ subject to the condition that at the  
96 20 time of the transaction the laws of the United States shall  
96 21 authorize a national bank located in this state, without  
96 22 approval by the comptroller of the currency of the United  
96 23 States, to merge

~~- or consolidate~~

~~- into a state bank under~~

96 24 limitations no more restrictive than those contained in this  
96 25 chapter with respect to the merger

~~- or consolidation~~

~~- of a state~~

96 26 bank into a national bank.

96 27 3. Upon compliance with the requirements of this chapter  
96 28 and chapter 534, one or more state banks may merge with one or  
96 29 more state associations or federal associations. The  
96 30 authority of a state bank to merge into a state or federal  
96 31 association is subject to the conditions the laws of the



96 32 United States authorize at the time of the transaction.  
96 33 4. As used in this section, the term "merger" or "merge"  
96 34 means any plan by which the assets and liabilities of an  
96 35 entity are combined with those of one or more other entities,  
97 1 including transactions in which one of the corporate entities  
97 2 survives and transactions in which a new corporate entity is  
97 3 created.  
97 4 Sec. 109. Section [524.1402](#), Code 1995, is amended to read  
97 5 as follows:  
97 6 524.1402 REQUIREMENTS FOR A MERGER

~~OR CONSOLIDATION~~

~~.~~  
97 7 The requirements for a merger

~~or consolidation~~

~~- which must~~

97 8 be satisfied by the parties

~~thereto~~

~~- to the merger are as~~

97 9 follows:

97 10 1. The parties shall adopt a plan stating all of the

97 11 following:

97 12 a. The names of the

~~banks~~

~~- parties~~ proposing to merge

~~or~~

~~-~~  
97 13

~~consolidate~~

~~- and the name of the bank into which they propose~~

97 14 to merge, which is the "resulting bank".

97 15 b. The terms and conditions of the proposed merger

~~or con-~~

~~-~~  
97 16

~~solidation~~

~~-~~  
97 17 c. The manner and basis of

~~the~~

~~- converting~~

~~of~~

~~- the~~ shares of

97 18 each

~~bank~~

~~- party~~ into shares, obligations, or other securities

97 19 of the resulting bank or of any other corporation, or, in

97 20 whole or in part, into cash or other property.

97 21 d. The rights of the shareholders of each of the parties.

97 22 e. An agreement concerning the merger

~~or consolidation~~

~~-~~  
97 23 f. Such other provisions with respect to the proposed

97 24 merger

~~or consolidation~~

~~- which are deemed necessary or desir-~~

97 25 able.

97 26 2. In the case of a state bank which is a party to the  
97 27 plan, if the proposed merger

~~or consolidation~~

- will result in a

97 28 state bank subject to this chapter, adoption of the plan by  
97 29 such state bank

~~shall require~~

- requires the affirmative vote of

97 30 at least a majority of the directors and approval by the  
97 31 shareholders, in the manner and according to the procedures  
97 32 prescribed in section 490.1103, at a meeting called in  
97 33 accordance with the terms of that section. In the case of a  
97 34 national bank, or if the proposed merger

~~or consolidation~~

- will

97 35 result in a national bank, adoption of the plan by each party  
98 1

~~thereto~~

- to the merger shall require the affirmative vote of at

98 2 least such directors and shareholders whose affirmative vote  
98 3

~~thereon~~

- on the plan is required under the laws of the United

98 4 States. Subject to applicable requirements of the laws of the  
98 5 United States in a case in which a national bank is a party to  
98 6 a plan, any modification of a plan which has been adopted  
98 7 shall be made by any method provided

~~therein~~

- in the plan, or

98 8 in the absence of such provision, by the same vote as required  
98 9 for adoption.  
98 10 3. If a proposed merger

~~or consolidation~~

- will result in a

98 11 state bank, application for the required approval by the  
98 12 superintendent shall be made in the manner prescribed by the  
98 13 superintendent. There shall also be delivered to the  
98 14 superintendent, when available, the following:  
98 15 a. Articles of merger

~~or consolidation~~

-.

98 16 b. Applicable fees payable to the secretary of state, as  
98 17 specified in section 490.122, for the filing and recording of  
98 18 the articles of merger

~~or consolidation~~

-.

98 19 c. If there is any modification of the plan at any time  
98 20 prior to the approval by the superintendent under section  
98 21 524.1403, an amendment of the application and, if necessary,  
98 22 of the articles of merger

~~or consolidation~~

- , signed in the same

98 23 manner as the originals, setting forth the modification of the  
98 24 plan, the method by which

~~such~~

~~- the~~ modification was adopted  
98 25 and any related change in the provisions of the articles of  
98 26 merger

~~- or consolidation~~

~~-~~  
98 27 d. Proof of publication of the notice required by  
98 28 subsection 4

~~- of this section~~

~~-~~  
98 29 4. If a proposed merger

~~- or consolidation~~

~~-~~ will result in a  
98 30 state bank, within thirty days after the application for  
98 31 merger is accepted for processing, the parties to the plan  
98 32 shall publish, once each week for two consecutive weeks, a  
98 33 notice of the proposed transaction. The notices shall be  
98 34 published in a newspaper of general circulation

~~- published~~

~~- in~~

~~- a~~

~~-~~  
98 35 the municipal corporation or unincorporated area in which each  
99 1 party to the plan has its principal place of business,

~~- and in~~

~~-~~  
99 2

~~- the case of a consolidation, in which the resulting state bank~~

~~-~~  
99 3

~~- is to have its principal place of business,~~

~~- or if there is~~

99 4 none, in a newspaper of general circulation

~~- published~~

~~- in the~~

99 5 county, or in a county adjoining the county, in which each  
99 6 party to the plan has its principal place of business

~~- and, in~~

~~-~~  
99 7

~~- the case of a consolidation, in which the resulting state bank~~

~~-~~  
99 8

~~- is to have its principal place of business~~

~~- The notice shall~~

~~-~~  
99 9

~~- be published once each week for two successive weeks, within~~

~~-~~  
99 10

~~- thirty days after making application to the superintendent for~~

~~approval of the plan~~

~~-. The notice shall be on forms prescribed  
99 12 by the superintendent and shall set forth the names of the  
99 13 parties to the plan and the resulting state bank, the location  
99 14 and post office address of the principal place of business of  
99 15 the resulting state bank and of each office to be maintained  
99 16 by the resulting state bank, and the purpose or purposes of  
99 17 the resulting state bank~~

~~, and the date of delivery of the~~

~~articles of merger and consolidation to the superintendent~~

~~-.  
99 19 4A. Within thirty days after the date of the second  
99 20 publication of the notice required under subsection 4, any  
99 21 interested person may submit to the superintendent written  
99 22 comments and data on the application. Comments challenging  
99 23 the legality of an application shall be submitted separately  
99 24 in writing. The superintendent may extend the thirty-day  
99 25 comment period if, in the superintendent's judgment,  
99 26 extenuating circumstances exist.~~

~~99 27 4B. Within thirty days after the date of the second  
99 28 publication of the notice required under subsection 4, any  
99 29 interested person may submit to the superintendent a written  
99 30 request for a hearing on the application. The request shall  
99 31 state the nature of the issues or facts to be presented and  
99 32 the reasons why written submissions would be insufficient to  
99 33 make an adequate presentation to the superintendent. If the  
99 34 reasons are related to factual disputes, the disputes shall be  
99 35 described. Written requests for hearings shall be evaluated  
100 1 by the superintendent, who may grant or deny such requests in  
100 2 whole or in part. A hearing request shall generally be  
100 3 granted only if it is determined that written submissions  
100 4 would be inadequate or that a hearing would otherwise be  
100 5 beneficial to the decision-making process. A hearing may be  
100 6 limited to issues considered material by the superintendent.~~

~~100 7 4C. If a request for a hearing is denied, the  
100 8 superintendent shall notify the applicant and all interested  
100 9 persons and shall state the reasons for the denial.  
100 10 Interested persons may submit to the superintendent, with  
100 11 simultaneous copies to the applicant, additional written  
100 12 comments or data on the application within fourteen days after  
100 13 the date of the notice of denial. The applicant shall be  
100 14 provided an additional seven days, after the fourteen-day  
100 15 deadline has expired, within which to respond to any comments  
100 16 submitted within the fourteen-day period. The superintendent  
100 17 may waive this seven-day period upon request by the applicant.  
100 18 A copy of any response submitted by the applicant shall also  
100 19 be mailed simultaneously by the applicant to the interested  
100 20 persons.~~

100 21 5. The articles of merger

~~or consolidation~~

~~- shall be signed  
100 22 by two duly authorized officers of each party to the plan and  
100 23 shall contain all of the following:~~

- ~~100 24 a. The names of the parties to the plan, and of the  
100 25 resulting state bank.~~
- ~~100 26 b. The location and the post office address of the  
100 27 principal place of business of each party to the plan, and of  
100 28 each additional office maintained by the parties to the plan,  
100 29 and the location and post office address of the principal  
100 30 place of business of the resulting state bank, and of each~~

100 31 additional office to be maintained by the resulting state  
100 32 bank.

100 33 c. The votes by which the plan was adopted, and the

~~time~~

100 34 date and place of each meeting in connection with such  
100 35 adoption.

101 1 d. The number of directors constituting the board of  
101 2 directors, and the names and addresses of the individuals who  
101 3 are to serve as directors until the next annual meeting of the  
101 4 shareholders or until their successors be elected and qualify.  
101 5 e.

~~In the case of a merger, any~~

~~Any~~ amendment of the

101 6 articles of incorporation of the resulting state bank.

101 7

~~f. In the case of a consolidation, the provisions required~~

101 8

~~in the articles of incorporation of a state bank by section~~

101 9

~~524.302, subsections 3 to 7.~~

101 10

~~g.~~

~~f.~~ The plan of merger

~~or consolidation~~

101 11 6. If a proposed merger

~~or consolidation~~

~~will result in a~~

101 12 national bank, a state bank which is a party to the plan shall  
101 13 do all of the following:

101 14 a. Notify the superintendent of the proposed merger

~~or~~

101 15

~~consolidation~~

101 16 b. Provide such evidence of the adoption of the plan as  
101 17 the superintendent may request.

101 18 c. Notify the superintendent of any abandonment or  
101 19 disapproval of the plan.

101 20 d. File with the superintendent and with the secretary of  
101 21 state

~~a certificate~~

~~evidence~~ of approval of the merger

~~or~~

101 22

~~consolidation~~

~~by the comptroller of the currency of the United~~  
101 23 States.

101 24 e. Notify the superintendent of the date upon which

~~such~~

101 25 the merger

~~or consolidation~~

- is to become effective.

101 26 Sec. 110. Section [524.1403](#), Code 1995, is amended to read

101 27 as follows:

101 28 524.1403 APPROVAL OF MERGER

~~OR CONSOLIDATION~~

- BY

101 29 SUPERINTENDENT.

101 30 1. Upon receipt of an application for approval of a merger

101 31

~~or consolidation~~

- and of the supporting items required by

101 32 section 524.1402, subsection 3, the superintendent shall

101 33 conduct such investigation as the superintendent deems

101 34 necessary to ascertain

~~whether~~

- the following:

101 35 a. The articles of merger

~~or consolidation~~

- and supporting

102 1 items satisfy the requirements of this chapter.

102 2 b. The plan and any modification

~~thereof~~

- of the plan

102 3 adequately protects the interests of depositors, other

102 4 creditors and shareholders.

102 5 c. The requirements for a merger

~~or consolidation~~

- under

102 6 all applicable laws have been satisfied and the resulting

102 7 state bank would satisfy the requirements of this chapter with

102 8 respect to it.

102 9 d. The merger

~~or consolidation~~

- would be consistent with

102 10 adequate and sound banking and in the public interest on the

102 11 basis of the financial history and condition of the parties to

102 12 the plan, including the adequacy of the capital structure of

102 13 the resulting state bank, the character of the management of

102 14 the resulting state bank, the potential effect of the merger

102 15

~~or consolidation~~

- on competition, and the convenience and needs

102 16 of the area primarily to be served by the resulting state

102 17 bank.

102 18 2. Within one hundred eighty days after

~~receipt~~

- acceptance

102 19 of the application for processing, or within an additional

102 20 period of not more than sixty days after receipt of an

102 21 amendment of the application, the superintendent shall

102 22

~~determine whether to~~  
- approve or disapprove the application on  
102 23 the basis of the investigation. The plan shall not be  
102 24 modified at any time after approval of the application by the  
102 25 superintendent.

~~Prior to making a determination on the~~

102 26

~~pending application the superintendent shall give adequate~~

102 27

~~notice of the pending application, and may afford all~~

102 28

~~interested persons an opportunity for a stenographically~~

102 29

~~reported hearing during which such persons shall be allowed to~~

102 30

~~present evidence in support of, or in opposition to, the~~

102 31

~~pending application.~~

102 32

~~The superintendent shall conduct such hearing if any~~

102 33

~~interested person files an objection to the pending~~

102 34

~~application and requests a hearing.~~

- If the superintendent

102 35 finds that the superintendent must act immediately on the

103 1 pending application in order to protect the interests of

103 2 depositors or the assets of any party to the plan, the

103 3 superintendent may proceed without requiring publication of

103 4 the notice

~~referred to in this subsection~~

~~required under~~

103 5 section 524.1402, subsection 4.

~~Before~~

- As a condition of

103 6 receiving the decision of the superintendent with respect to

103 7 the pending application, the parties to the plan shall

~~, upon~~

103 8

~~notice,~~

- reimburse the superintendent

~~to the extent of~~

~~for all~~

103 9 the expenses incurred in connection with the application.

103 10

~~Thereafter the~~

~~The~~ superintendent shall give to the parties to

103 11 the plan written notice of the decision and, in the event of

103 12 disapproval, a statement of the reasons for the decision. The

103 13 decision of the superintendent shall be subject to judicial

103 14 review

~~in accordance with~~

~~pursuant to~~ chapter 17A.

103 15 Sec. 111. Section [524.1404](#), Code 1995, is amended to read

103 16 as follows:

103 17 524.1404 PROCEDURE AFTER APPROVAL BY THE SUPERINTENDENT &ndash;

103 18 ISSUANCE OF CERTIFICATE OF MERGER

~~OR CONSOLIDATION~~

103 19 If

~~the~~

~~applicable state or federal~~ laws

~~of the United~~

103 20

~~States~~

~~require the approval of the merger~~

~~or consolidation~~

~~by~~

103 21

~~any~~

~~a federal or state~~ agency, the superintendent

~~shall, after~~

103 22

~~the superintendent's approval, retain the~~

~~may withhold~~

103 23 delivery of the approved articles of merger

~~or consolidation~~

103 24 until the superintendent receives notice of the decision of

103 25 such agency. If the final approval of the agency is not given

103 26 within six months of the superintendent's approval, the

103 27 superintendent shall notify the parties to the plan that the

103 28 approval of the superintendent has been rescinded for that

103 29 reason. If such agency gives its approval, the superintendent

103 30 shall deliver the articles of merger

~~or consolidation~~

~~, with~~

103 31 the superintendent's approval indicated

~~thereon~~

~~on the~~

103 32 articles, to the secretary of state, and shall notify the

103 33 parties to the plan. The receipt of the approved articles of

103 34 merger



~~or consolidation~~

- by the secretary of state

~~shall~~

103 35

~~constitute~~

- constitutes filing

~~thereof~~

- of the articles of

104 1 merger with that office. The secretary of state shall record

104 2 the articles of merger

~~or consolidation in the secretary of~~

104 3

~~state's office~~

-, and the

~~same~~

- articles shall be filed and

104 4 recorded in the office of the county recorder in each county

104 5 in which the parties to the plan had previously maintained a

104 6 principal place of business

~~and, in the case of a~~

104 7

~~consolidation, in the county in which the new state bank is to~~

104 8

~~maintain its principal place of business~~

-. On the date upon

104 9 which the merger

~~or consolidation~~

- is effective the secretary

104 10 of state shall issue a certificate of merger

~~or consolidation~~

104 11 and send the same to the resulting state bank and a copy

104 12

~~thereof~~

- of the certificate of merger to the superintendent.

104 13 Sec. 112. Section 524.1405, subsection 1, Code 1995, is

104 14 amended to read as follows:

104 15 1. The merger

~~or consolidation shall be~~

- is effective upon

104 16 the filing of the articles of merger

~~or consolidation~~

- with the

104 17 secretary of state, or at any later date and time as specified

104 18

~~by the superintendent~~

- in

~~writing on~~

- the articles of merger

~~or~~

104 19

~~consolidation~~

- The certificate of merger

~~or consolidation~~

104 20

~~shall be~~

- is conclusive evidence of the performance of all

104 21 conditions precedent to the merger

~~or consolidation~~

-, and of

104 22 the existence or creation of the resulting state bank, except  
104 23 as against the state.

104 24 Sec. 113. Section 524.1405, subsections 2 and 3, Code

104 25 1995, are amended by striking the subsections and inserting in  
104 26 lieu thereof the following:

104 27 2. When a merger takes effect all of the following apply:

104 28 a. Every other financial institution to the merger merges  
104 29 into the surviving financial institution and the separate  
104 30 existence of every party except the surviving financial  
104 31 institution ceases.

104 32 b. The title to all real estate and other property owned  
104 33 by each party to the merger is vested in the surviving party  
104 34 without reversion or impairment.

104 35 c. The surviving party has all liabilities of each party  
105 1 to the merger.

105 2 d. A proceeding pending against any party to the merger  
105 3 may be continued as if the merger did not occur or the  
105 4 surviving party may be substituted in the proceeding for the  
105 5 party whose existence ceased.

105 6 e. The articles of incorporation of the surviving party  
105 7 are amended to the extent provided in the articles of merger.

105 8 f. The shares of each party to the merger that are to be  
105 9 converted into shares, obligations, or other securities of the  
105 10 surviving party or any other corporation or into cash or other  
105 11 property are converted, and the former holders of the shares  
105 12 are entitled only to the rights provided in the articles of  
105 13 merger or to their rights under division XIII of this chapter.

105 14 Sec. 114. Section [524.1406](#), Code 1995, is amended to read  
105 15 as follows:

105 16 524.1406 RIGHTS OF DISSENTING SHAREHOLDERS.

105 17 1. A shareholder of a state bank, which is a party to a  
105 18 proposed merger

~~or consolidation~~

- plan which will result in a

105 19 state bank subject to this chapter, who objects to the plan is  
105 20 entitled to the rights and remedies of a dissenting  
105 21 shareholder as provided in chapter 490, division XIII.

~~Shares~~

105 22

~~acquired by a state bank pursuant to payment of their agreed~~

105 23

~~value or to payment of the judgment entered therefor, pursuant~~

105 24

~~to chapter 490, division XIII, shall be sold at public or~~

105 25

~~private sale, within one year from the time of their purchase~~

105 26

~~or acquisition, unless the time is extended by the~~

105 27

~~superintendent.~~

105 28 2. If a shareholder of a national bank which is a party to  
105 29 a proposed merger

~~or consolidation~~

- plan which will result in a

105 30 state bank, or a shareholder of a state bank which is a party

105 31 to a plan which will result in a national bank,

~~shall object~~

105 32 objects to the plan and

~~shall comply~~

- complies with the

105 33 requirements of the applicable laws of the United States, the

105 34 resulting state bank or national bank, as the case may be,

105 35

~~shall be~~

- is liable for the value of the shareholder's shares

106 1 as determined in accordance with such laws of the United

106 2 States.

~~Shares acquired by a state bank pursuant to this~~

106 3

~~subsection shall be sold at public or private sale within one~~

106 4

~~year from the time of their purchase or acquisition, unless~~

106 5

~~the time is extended by the superintendent.~~

106 6 Sec. 115. Section [524.1408](#), Code 1995, is amended to read

106 7 as follows:

106 8 524.1408 MERGER OF CORPORATION SUBSTANTIALLY OWNED BY A

106 9 STATE BANK.

106 10 A state bank owning at least

~~ninety five~~

- ninety percent of

106 11 the outstanding shares, of each class, of another corporation

106 12 which it is authorized to own under this chapter, may merge

106 13 the other corporation into itself without approval by a vote

106 14 of the shareholders of either the state bank or the subsidiary  
106 15 corporation. The board of directors of the state bank shall  
106 16 approve a plan of merger, mail to shareholders of record of  
106 17 the subsidiary corporation, and prepare and execute articles  
106 18 of merger in the manner provided for in section 490.1104. The  
106 19 articles of merger, together with the applicable filing and  
106 20 recording fees, shall be delivered to the superintendent who  
106 21 shall, if the superintendent approves of the proposed merger  
106 22 and if the superintendent finds the articles of merger satisfy  
106 23 the requirements of this section, deliver them to the  
106 24 secretary of state for filing and recording in the secretary  
106 25 of state's office, and they shall be filed in the office of  
106 26 the county recorder. The secretary of state upon filing the  
106 27 articles of merger shall issue a certificate of merger and  
106 28 send the certificate to the state bank and a copy of it to the  
106 29 superintendent.

106 30 Sec. 116. Section 524.1411, subsections 3 and 5, Code  
106 31 1995, are amended to read as follows:

106 32 3. The votes by which the plan of conversion was adopted  
106 33 and the

~~time~~

- date and place of each meeting in connection with  
106 34 the adoption.

106 35 5. The provisions required in the articles of  
107 1 incorporation by

~~subsections 3, 4, 5, 6, and 7 of~~  
- section

107 2 524.302, subsection 1, paragraphs "c" and "d", and subsection  
107 3 2, paragraph "b".

107 4 Sec. 117. Section 524.1412, Code 1995, is amended to read  
107 5 as follows:

107 6 524.1412 PUBLICATION OF NOTICE.

107 7

~~The~~

- Within thirty days after the application for conversion  
107 8 has been accepted for processing, the national bank shall  
107 9 publish a notice of

~~its intention to deliver, or~~  
- the delivery

107 10 of

~~,~~  
- the articles of conversion to the superintendent

~~,~~  
- once

107 11 each week for two successive weeks in a newspaper of general  
107 12 circulation

~~published~~

- in the municipal corporation or  
107 13 unincorporated area in which the national bank has its  
107 14 principal place of business, or if there is none, a newspaper  
107 15 of general circulation

~~published~~

- in the county, or in a county  
107 16 adjoining the county, in which the national bank has its  
107 17 principal place of business. The notice shall

~~appear prior~~

-  
107 18

~~to, or within seven days after, the date of delivery of the~~

107 19

~~articles of conversion to the superintendent and shall~~

~~set~~

107 20 forth all of the following:

107 21 1. The name of the national bank and the name of the  
107 22 resulting state bank.

107 23 2. The location and post office address of its principal  
107 24 place of business.

107 25 3. A statement that articles of conversion

~~are to be, or~~

107 26 have been delivered to the superintendent.

107 27 4. The purpose or purposes of the resulting state bank.

107 28 5. The date of delivery of the articles of conversion to  
107 29 the superintendent.

107 30 Sec. 118. Section [524.1413](#), Code 1995, is amended to read  
107 31 as follows:

107 32 524.1413 APPROVAL OF CONVERSION BY SUPERINTENDENT.

107 33 Upon

~~receipt~~

~~acceptance for processing~~ of an application

107 34 for approval of a conversion, the superintendent shall conduct  
107 35 such investigation as the superintendent

~~may deem~~

~~deems~~

108 1 necessary to ascertain

~~whether~~

~~the following~~:

108 2 1. The articles of conversion and supporting items satisfy  
108 3 the requirements of this chapter.

108 4 2. The plan adequately protects the interests of  
108 5 depositors.

108 6 3. The requirements for a conversion under all applicable  
108 7 laws have been satisfied and the resulting state bank would  
108 8 satisfy the requirements of this chapter applicable to it.

108 9 4. The resulting state bank will possess an adequate  
108 10 capital structure.

108 11 Within ninety days after

~~receipt of~~

~~the application has~~

108 12 been accepted for processing, the superintendent shall

~~make a~~

108 13

~~determination whether to~~

~~approve or disapprove the~~

~~pending~~

108 14 application on the basis of the investigation.

~~Before~~

~~As a~~

108 15 condition of receiving the decision of the superintendent with  
108 16 respect to the

~~pending~~

- application, the national bank shall

108 17

~~upon notice,~~

- reimburse the superintendent

~~to the extent of the~~

108 18 for all expenses incurred in connection with the application.

108 19

~~Thereafter, the~~

- The superintendent shall give the national

108 20 bank written notice of the decision and, in the event of

108 21 disapproval, a statement of the reasons for the decision. If

108 22 the superintendent approves the

~~pending~~

- application, the

108 23 superintendent shall deliver the articles of conversion, with

108 24 the superintendent's approval indicated

~~thereon~~

- on the

108 25 articles of conversion, to the secretary of state. The

108 26 decision of the superintendent shall be subject to judicial

108 27 review

~~in accordance with the terms of the Iowa administrative~~

108 28

~~procedure Act~~

- pursuant to chapter 17A. Notwithstanding the

108 29 terms of

~~said~~

- the Iowa administrative procedure Act,

~~such~~

108 30 chapter 17A, a petition for judicial review must be filed

108 31 within thirty days after the superintendent notifies the

108 32 national bank of the superintendent's decision.

108 33 Sec. 119. Section [524.1414](#), Code 1995, is amended to read

108 34 as follows:

108 35 524.1414 ISSUANCE OF CERTIFICATE OF CONVERSION.

109 1 The receipt of the approved articles of conversion by the

109 2 secretary of state

~~shall constitute~~

- constitutes filing

~~thereof~~

109 3 of the articles of conversion with that office. The secretary

109 4 of state shall record the articles of conversion

~~in the~~

109 5

~~secretary's office,~~

- and the

~~same~~

- ~~articles~~ shall be filed and

109 6 recorded in the office of the county recorder in the county in  
109 7 which the resulting state bank has its principal place of  
109 8 business.

~~On the date upon which the conversion is effective,~~

109 9

~~the secretary of state shall issue a certificate of conversion~~

109 10

~~and send the same to the resulting state bank and a copy~~

109 11

~~thereof to the superintendent and the superintendent shall~~

109 12

~~issue to the resulting state bank an authorization to do~~

109 13

~~business.~~

109 14 Sec. 120. Section [524.1415](#), subsection 1, Code 1995, is  
109 15 amended to read as follows:

109 16 1. The conversion

~~shall be~~

- ~~is~~ effective upon the filing of

109 17 the articles of conversion with the secretary of state, or at  
109 18 any later date and time as specified

~~by the superintendent~~

- in

109 19

~~writing on~~

- the articles of conversion. The certificate of  
109 20 conversion

~~shall be~~

- ~~is~~ conclusive evidence of the performance

109 21 of all conditions required by this chapter for conversion of a  
109 22 national bank into a state bank, except as against the state.

109 23 Sec. 121. Section [524.1415](#), Code 1995, is amended by

109 24 adding the following new subsection:

109 25 NEW SUBSECTION. 4. The title to all real estate and other  
109 26 property owned by the converting national bank is vested in  
109 27 the resulting state bank without reversion or impairment.

109 28 Sec. 122. Section [524.1417](#), subsection 1, Code 1995, is  
109 29 amended by striking the subsection and inserting in lieu  
109 30 thereof the following:

109 31 1. A shareholder of a state bank which converts into a  
109 32 national bank who objects to the plan of conversion is  
109 33 entitled to the rights and remedies of a dissenting  
109 34 shareholder as provided in chapter 490, division XIII.

109 35 Sec. 123. Section [524.1417](#), subsection 2, Code 1995, is  
110 1 amended to read as follows:

110 2 2. If a shareholder of a national bank, which converts  
110 3 into a state bank,

~~shall object~~

- ~~objects~~ to the plan of  
110 4 conversion and

~~shall comply~~

- ~~complies~~ with the requirements of  
110 5 applicable laws of the United States, the resulting state bank  
110 6

~~shall be~~

- ~~is~~ liable for the value of the shareholder's shares  
110 7 as determined in accordance with such laws of the United  
110 8 States.

~~Shares acquired by a state bank pursuant to this~~

-  
110 9

~~subsection shall be sold at public or private sale, within one~~

-  
110 10

~~year from the time of purchase or acquisition, unless the time~~

-  
110 11

~~is extended by the superintendent.~~

-  
110 12 Sec. 124. Section [524.1418](#), Code 1995, is amended to read  
110 13 as follows:

110 14 524.1418 SUCCESSION TO FIDUCIARY ACCOUNTS AND APPOINTMENTS  
110 15 &ndash; APPLICATION FOR APPOINTMENT OF NEW FIDUCIARY.

110 16 The provisions of section

~~524.1407 shall~~

- ~~524.1009~~ apply to  
110 17 a resulting state or national bank after a conversion with the  
110 18 same effect as though

~~such~~

- ~~the~~ state or national bank were a  
110 19 party to a plan of merger

~~or consolidation~~

- , and the conversion  
110 20 were a merger

~~or consolidation~~

- , within the provisions of that  
110 21 section.

110 22 Sec. 125. Section [524.1419](#), Code 1995, is amended to read  
110 23 as follows:

110 24 524.1419 OFFICES OF A RESULTING STATE BANK.

110 25 If a merger

~~, consolidation~~

- or conversion results in a state  
110 26 bank subject to the provisions of this chapter, the resulting  
110 27 state bank

~~shall~~

- , after the effective date of the merger

-  
110 28



~~consolidation~~

- or conversion, shall be subject to

~~all~~

- the

110 29 provisions of sections 524.1201, 524.1202, and 524.1203  
110 30 relating to the bank offices.

110 31 Sec. 126. Section [524.1420](#), Code 1995, is amended to read  
110 32 as follows:

110 33 524.1420 NONCONFORMING ASSETS OF RESULTING STATE BANK.

110 34 If a merger

~~, consolidation~~

- or conversion results in a state

110 35 bank subject to the provisions of this chapter, and the  
111 1 resulting state bank has assets which do not conform with the  
111 2 provisions of this chapter, the superintendent may allow the  
111 3 resulting state bank a reasonable time to conform with state  
111 4 law.

111 5 Sec. 127. Section [524.1501](#), Code 1995, is amended to read  
111 6 as follows:

111 7 524.1501

~~RIGHT~~

- AUTHORITY TO AMEND.

111 8 A state bank

~~may~~

-, with the approval of the superintendent

111 9 and in the manner provided in this chapter, may amend its  
111 10 articles of incorporation in order to make any change

~~therein~~

111 11 in the articles of incorporation so long as

~~its~~

- the articles

111 12 of incorporation as amended contain only

~~such~~

- provisions as

111 13 might be lawfully contained in the original articles of  
111 14 incorporation at the time of making

~~such~~

- the amendment.

111 15 Sec. 128. Section [524.1503](#), Code 1995, is amended by  
111 16 striking the section and inserting in lieu thereof the  
111 17 following:

111 18 524.1503 VOTING ON AMENDMENTS BY VOTING GROUPS.

111 19 1. The holders of the outstanding shares of a class are  
111 20 entitled to vote as a separate voting group on a proposed  
111 21 amendment if the amendment does any of the following:

111 22 a. Increases or decreases the aggregate number of  
111 23 authorized shares of the class.

111 24 b. Increases or decreases the par value of the shares of  
111 25 the class.

111 26 c. Effects an exchange or reclassification of all or part  
111 27 of the shares of the class into shares of another class or  
111 28 effects a cancellation of all or part of the shares of the  
111 29 class.

111 30 d. Effects an exchange or reclassification, or creates the  
111 31 right of exchange, of all or part of the shares of another  
111 32 class into shares of that class.

111 33 e. Changes the designation, rights, preferences, or

111 34 limitations of all or part of the shares of the class.  
111 35 f. Changes the shares of all or part of the class into a  
112 1 different number of shares of the same class.  
112 2 g. Creates a new class of shares having rights or  
112 3 preferences with respect to distributions or to dissolution  
112 4 that are prior, superior, or substantially equal to the shares  
112 5 of the class.  
112 6 h. Increases the rights, preferences, or number of  
112 7 authorized shares of any class that, after giving effect to  
112 8 the amendment, have rights or preferences with respect to  
112 9 distributions or to dissolution that are prior, superior, or  
112 10 substantially equal to the shares of the class.  
112 11 i. Limits or denies an existing preemptive right of all or  
112 12 part of the shares of the class.  
112 13 j. Cancels or otherwise affects rights to distributions or  
112 14 dividends that have accumulated but not yet been declared on  
112 15 all or part of the shares of the class.  
112 16 2. If a proposed amendment would affect a series of a  
112 17 class of shares in one or more of the ways described in  
112 18 subsection 1, the shares of that series are entitled to vote  
112 19 as a separate voting group on the proposed amendment.  
112 20 3. If a proposed amendment that entitles two or more  
112 21 series of shares to vote as separate voting groups under this  
112 22 section would affect those two or more series in the same or a  
112 23 substantially similar way, the shares of all the series so  
112 24 affected must vote together as a single voting group on the  
112 25 proposed amendment.  
112 26 4. A class or series of shares is entitled to the voting  
112 27 rights granted by this section although the articles of  
112 28 incorporation provide that the shares are nonvoting shares.  
112 29 Sec. 129. Section [524.1504](#), subsection 1, paragraph d,  
112 30 Code 1995, is amended to read as follows:  
112 31 d. The place

~~—~~  
- and date

~~—and hour~~

- of the meeting of

112 32 shareholders at which the amendment was adopted, and the kind  
112 33 and period of notice given to the shareholders.

112 34 Sec. 130. Section [524.1506](#), Code 1995, is amended to read  
112 35 as follows:

113 1 524.1506 CERTIFICATE OF AMENDMENT

~~—&endash; EFFECT~~

113 2 1. The secretary of state shall record the articles of  
113 3 amendment

~~—in the secretary's office~~

-, and the

~~—same~~

- articles of

113 4 amendment shall be filed

~~—and recorded~~

- in the office of the

113 5 county recorder in the county in which the state bank has its  
113 6 principal place of business. The secretary of state upon the  
113 7 filing of the articles of amendment shall issue a certificate  
113 8 of amendment and send the same to the state bank.

113 9 2. Upon the issuance of the certificate of amendment by  
113 10 the secretary of state, the amendment

~~—shall become~~

- becomes

113 11 effective and the articles of incorporation

~~- shall be~~

- are

113 12 deemed to be amended accordingly.

~~- No amendment shall affect~~

113 13

~~- the existing rights of persons other than shareholders, or any~~

113 14

~~- existing cause of action in favor of or against such state~~

113 15

~~- bank, or any pending suit to which such state bank shall be a~~

113 16

~~- party, and, in the event the name of the state bank shall be~~

113 17

~~- changed by amendment, no suit brought by or against such state~~

113 18

~~- bank under its former name shall abate for that reason.~~

113 19 Sec. 131. Section [524.1508](#), Code 1995, is amended to read

113 20 as follows:

113 21 524.1508

~~- RESTATEMENT OF~~

- RESTATED ARTICLES OF

113 22 INCORPORATION.

113 23 A state bank may at any time restate its articles of

113 24 incorporation, which may be amended by

~~- such~~

- the restatement,

113 25 so long as its articles of incorporation as

~~- so~~

- restated

113 26 contain only such provisions as might be lawfully contained in

113 27 original articles of incorporation at the time of making

~~- such~~

113 28 the restatement

~~- , by the adoption of restated~~

~~- . Restated~~

113 29 articles of incorporation

~~- , including any amendments to its~~

113 30

~~- articles of incorporation to be made thereby,~~

- shall be adopted

113 31 in the following manner:

113 32 1. The board of directors shall adopt a resolution setting  
113 33 forth the proposed restated articles of incorporation, which  
113 34 may include an amendment or amendments to the articles of  
113 35 incorporation of the state bank to be made thereby, and  
114 1 directing that

~~such~~

- ~~the~~ restated articles, including such  
114 2 amendment or amendments, be submitted to a vote at a meeting  
114 3 of shareholders, which may be either an annual meeting or a  
114 4 special meeting.

114 5 2. Written or printed notice setting forth the proposed  
114 6 restated articles or a summary of the provisions

~~thereof~~

- ~~of~~

114 7 the proposed restated articles shall be given to each  
114 8 shareholder of record entitled to vote

~~thereon~~

- ~~on the proposed~~

114 9 restated articles within the time and in the manner provided  
114 10 in section 524.509. If the meeting be an annual meeting, the  
114 11 proposed restated articles may be included in the notice of  
114 12 such annual meeting. If the restated articles include an  
114 13 amendment or amendments to the articles of incorporation

~~to be~~

-

114 14

~~made thereby~~

-, the notice shall separately set forth such  
114 15 amendment or amendments or a summary of the changes to be  
114 16 effected

~~thereby~~

- by the amendment or amendments.

114 17 3. At

~~such~~

- ~~the~~ meeting a vote of the shareholders entitled  
114 18 to vote

~~thereon~~

- ~~on the proposed restated articles~~ shall be  
114 19 taken on the proposed restated articles. The proposed  
114 20 restated articles shall be adopted upon receiving the  
114 21 affirmative vote of the holders of a majority of the shares  
114 22 entitled to vote

~~thereon~~

-, unless such restated articles  
114 23 include an amendment to the articles of incorporation

~~to be~~

-

114 24

~~made thereby~~

- which, if contained in a proposed amendment to  
114 25 articles of incorporation to be made without restatement of  
114 26 the articles of incorporation, would entitle a class of shares  
114 27 to vote as a class

~~thereon~~

- on the proposed restated articles,

114 28 in which event the proposed restated articles shall be adopted  
114 29 upon receiving the affirmative vote of the holders of a  
114 30 majority of the shares of each class of shares entitled to  
114 31 vote

~~thereon~~  
- on the proposed restated articles as a class, and  
114 32 of the total shares entitled to vote

~~thereon~~  
- on the proposed  
114 33 restated articles.  
114 34 Upon

~~such~~  
- approval, restated articles of incorporation  
114 35 shall be executed by the state bank by its president or vice  
115 1 president and by its cashier or an assistant cashier, and  
115 2 verified by one of the officers signing the

~~same~~  
- restated  
115 3 articles, and shall set forth, as then stated in the articles  
115 4 of incorporation of the state bank and, if the restated  
115 5 articles of incorporation included an amendment or amendments  
115 6 to the articles of incorporation

~~to be made thereby~~  
-, as so  
115 7 amended, the material and contents described in section  
115 8 524.302.  
115 9 The restated articles of incorporation shall set forth also  
115 10 a statement that they correctly set forth the provisions of  
115 11 the articles of incorporation as

~~theretofore or thereby~~  
-  
115 12 amended, that they have been duly adopted as required by law  
115 13 and that they supersede the original articles of incorporation  
115 14 and all amendments

~~thereto~~  
- to the original articles of  
115 15 incorporation.  
115 16 The restated articles of incorporation shall be delivered  
115 17 to the superintendent together with the applicable fees for  
115 18 the filing and recording of the restated articles of  
115 19 incorporation. The superintendent shall conduct such  
115 20 investigation and give approval or disapproval,

~~all~~  
- as  
~~in the~~

-  
115 21

~~manner~~  
- provided

~~for~~  
- in section 524.1505. If the  
115 22 superintendent

~~shall approve~~  
- approves the restated articles of  
115 23 incorporation, the superintendent shall deliver them with the

115 24 written approval on the restated articles of incorporation to  
115 25 the secretary of state for filing,

~~and recording in the~~

115 26

~~secretary's office~~

~~and the~~

~~same~~

~~restated articles of~~

115 27 incorporation shall be filed

~~and recorded~~

~~in the office of the~~

115 28 county recorder. The secretary of state upon filing the

115 29 restated articles of incorporation shall issue a restated

115 30 certificate of incorporation and send the

~~same~~

~~certificate to~~

115 31 the state bank or its representative.

115 32 Upon the issuance of the restated certificate of

115 33 incorporation by the secretary of state, the restated articles

115 34 of incorporation including any amendment or amendments to the

115 35 articles of incorporation

~~made thereby, shall become~~

~~are~~

116 1 effective and

~~shall~~

~~supersede the original articles of~~

116 2 incorporation and all amendments

~~thereto~~

~~to the original~~

116 3 articles of incorporation.

116 4

~~No amendment shall affect the existing rights of persons~~

116 5

~~other than shareholders, or any existing cause of action in~~

116 6

~~favor of or against such state bank, or any pending suit to~~

116 7

~~which such state bank shall be a party; and, in the event the~~

116 8

~~corporate name shall be changed by amendment, no suit brought~~

116 9

~~by or against such state bank under its former name shall~~

116 10

~~abate for that reason.~~

116 11 Sec. 132. NEW SECTION. 524.1509 REVERSE STOCK SPLIT.  
116 12 A state bank may effect a reverse stock split or similar  
116 13 change in capital structure by renewal, amendment, or  
116 14 restatement of existing articles of incorporation, provided  
116 15 the requirements of the superintendent are satisfied.  
116 16 Sec. 133. NEW SECTION. 524.1510 EFFECT OF AMENDMENT.  
116 17 An amendment to the articles of incorporation does not  
116 18 affect a cause of action existing against or in favor of the  
116 19 state bank, a proceeding to which the state bank is a party,  
116 20 or the existing rights of persons other than shareholders of  
116 21 the state bank. An amendment changing the state bank's name  
116 22 does not abate a proceeding brought by or against the state  
116 23 bank in its former name.  
116 24 Sec. 134. Section [524.1806](#), Code 1995, is amended to read  
116 25 as follows:  
116 26 524.1806 BANKS OWNED OR CONTROLLED &ndash; OFFICERS AND  
116 27 DIRECTORS.  
116 28

~~If any~~

- An individual who is a director or an officer

~~, or~~

116 29

~~both,~~

- of a bank holding company,

~~or of a bank which is owned~~

116 30

~~or controlled by a bank holding company in any manner, and to~~

116 31

~~the extent,~~

- as specified by section 524.1801,

~~such individual~~

116 32

~~shall also be~~

- is deemed to be a director or an officer, or

116 33 both, as the case may be, of each bank so owned or controlled  
116 34 by that bank holding company, for the purposes of sections  
116 35 524.612, 524.613 and 524.706.

117 1 Sec. 135. Sections 524.106, 524.402, 524.403, 524.518,  
117 2 524.704, 524.1307, 524.1308, 524.1407, 524.1507, 524.1701,  
117 3 524.1702, and 524.1703, Code 1995, are repealed.

117 4 EXPLANATION

117 5 This bill amends many sections within divisions I through  
117 6 XI, XIII through XV, XVII, and XVIII of chapter 524, which  
117 7 relates to the regulation of banks.

117 8 Division I (sections 524.101 through 524.109) amendments  
117 9 include the definitions for new terms including "aggregate  
117 10 capital", "borrower", "calculation date", "chief executive  
117 11 officer", "contractual commitment", "control", "executive  
117 12 officer", "officer", "operations subsidiary", "reserves",  
117 13 "sale of federal funds", and "standby letter of credit".  
117 14 Several other definitions are amended, and conforming changes  
117 15 made as a result of the amendment of other sections in the  
117 16 chapter.

117 17 Division II (sections 524.201 through 524.228) amendments  
117 18 include that the salary of the superintendent is to be set by

117 19 the governor rather than the state banking board, prohibitions  
117 20 on certain division of banking personnel from participating in  
117 21 regulatory decisions if such personnel have credit relations  
117 22 with the institutions being regulated, and conforming changes  
117 23 made as a result of the amendment of other sections in the  
117 24 chapter.

117 25 Division III (sections 524.301 through 524.313) amendments  
117 26 include adding new provisions which may be set forth in the  
117 27 articles of incorporation of a state bank, changes in the  
117 28 timing of notice and when comments must be submitted with  
117 29 respect to the application for a new state bank, creating a  
117 30 new section 524.314 relating to the renewal of the corporate  
117 31 existence of an existing state bank, and conforming changes  
117 32 made as a result of the amendment of other sections in the  
117 33 chapter.

117 34 Division IV (sections 524.401 through 524.405) amendments  
117 35 include a change in the minimum capital requirements from  
118 1 \$100,000 to the amount required by the federal deposit  
118 2 insurance corporation and certain nonsubstantive changes.

118 3 Division V (sections 524.501 through 524.520) amendments  
118 4 include changes relating to the terms of a class or series of  
118 5 shares issued by a state bank, adding certain disclosure  
118 6 requirements relating to such classes or series, adding a  
118 7 provision relating to fractional shares, changes relating to  
118 8 shareholder rights and shareholder meetings, and conforming  
118 9 changes made as a result of the amendment of other sections in  
118 10 the chapter.

118 11 Division VI (sections 524.601 through 524.614) amendments  
118 12 include the elimination of the requirement that the board of  
118 13 directors of a state bank meet at least once each month and  
118 14 requires that the board conduct at least nine meetings each  
118 15 year with no more than one meeting in any one calendar month,  
118 16 changes to the provision regulating the financial transactions  
118 17 between a director and a state bank, and conforming changes  
118 18 made as a result of the amendment of other sections in the  
118 19 chapter.

118 20 Division VII (sections 524.701 through 524.710) amendments  
118 21 include a requirement that the board of directors of a state  
118 22 bank elect one officer as chief executive officer, changes in  
118 23 the total amount of loans or extensions of credit which an  
118 24 officer may receive from the state bank, eliminates the  
118 25 requirement that the officer notify the superintendent when  
118 26 the officer's borrowings from or other obligations to the  
118 27 state bank equal or exceed \$25,000, and conforming changes  
118 28 made as a result of the amendment of other sections in the  
118 29 chapter.

118 30 Division VIII (sections 524.801 through 524.825) amendments  
118 31 include the addition of powers which a state bank may  
118 32 exercise, increasing the amount of real and personal property  
118 33 which a state bank may hold without the approval of the  
118 34 superintendent from 25 percent to 40 percent of the aggregate  
118 35 capital of the state bank, and conforming changes made as a  
119 1 result of the amendment of other sections in the chapter.

119 2 Division IX (sections 524.901 through 524.913) amendments  
119 3 include increasing the investment limit and the lending limit  
119 4 of a state bank from 20 percent of capital and surplus to 15  
119 5 percent of aggregate capital, rewriting the section relating  
119 6 to the types of investments a state bank may make, rewriting  
119 7 the section relating to the loans and extensions of credit  
119 8 which a state bank may make to any single borrower, and  
119 9 conforming changes made as a result of the amendment of other  
119 10 sections in the chapter.

119 11 Division X (sections 524.1001 through 524.1008) is amended  
119 12 by adding a new section 524.1009 relating to the succession to  
119 13 fiduciary accounts and appointments as a result of a plan of  
119 14 merger of a state bank.

119 15 Division XI (sections 524.1101 through 524.1106) amendments



119 16 include increasing the amount of the aggregate loans or  
119 17 extensions of credit which a state bank may make to an  
119 18 affiliate from 10 percent of capital and surplus to 10 percent  
119 19 of aggregate capital, excepting an operating subsidiary of a  
119 20 state bank from the limit on aggregate loans or extensions of  
119 21 credit, and other nonsubstantive changes.

119 22 Division XIII (sections 524.1301 through 524.1314)  
119 23 amendments include changes in the manner in which a state bank  
119 24 may be dissolved and the effect of the dissolution on claims  
119 25 against the bank, allowing a state bank to be acquired by a  
119 26 financial institution which is not a bank, and conforming  
119 27 changes made as a result of the amendment of other sections in  
119 28 the chapter.

119 29 Division XIV (sections 524.1401 through 524.1420)  
119 30 amendments include the elimination of the term  
119 31 "consolidation", permitting state or national banks to merge  
119 32 with savings associations or other corporations into a state  
119 33 bank, and conforming changes made as a result of the amendment  
119 34 of other sections in the chapter.

119 35 Division XV (sections 524.1501 through 524.1508) amendments  
120 1 include authorizing reverse stock splits, and conforming  
120 2 changes made as a result of the amendment of other sections in  
120 3 the chapter.

120 4 Division XVII (sections 524.1701 through 524.1703), which  
120 5 relates to private banks is repealed.

120 6 Section 524.1806 of division XVIII (sections 524.1801  
120 7 through 524.1807) is amended to provide that directors and  
120 8 officers of a bank holding company are deemed to be directors  
120 9 and officers of a state bank controlled by the bank holding  
120 10 company for purposes of the regulation of financial dealings  
120 11 between the state bank and such directors and officers.

#### 120 12 BACKGROUND STATEMENT

#### 120 13 SUBMITTED BY THE AGENCY

120 14 Chapter 524 of the Code of Iowa, known as "Iowa Banking  
120 15 Act", was last revised in 1969. Since that time, a number of  
120 16 significant changes have occurred in the industry. The five  
120 17 primary reasons for this revision are as follows:

120 18 1. There are a number of areas where federal law  
120 19 controlling national banks is somewhat different than our  
120 20 state law. This bill attempts to bring our law more in line  
120 21 with the federal statutes where it will not result in the  
120 22 deterioration in the safeness and soundness of the state  
120 23 banking system.

120 24 2. There have been a number of changes made in the Iowa  
120 25 Corporation Act contained in chapter 490. This bill attempts  
120 26 to utilize a number of these changes where possible so that  
120 27 the corporate divisions of the Iowa Banking Act will be  
120 28 similar to those for a regular corporation.

120 29 3. Experience has shown that because of the increased size  
120 30 of agricultural operations, any state banks do not have an  
120 31 adequate lending limit to provide credit. Accordingly, this  
120 32 bill provides for an expansion of lending limits for most  
120 33 state banks and is similar to the limits allowed for national  
120 34 banks. All but six of the 442 state chartered banks would  
120 35 have their lending limits increased.

121 1 4. There were several areas in the Code which, because of  
121 2 piecemeal amendments, were unclear and difficult to interpret.  
121 3 This bill attempts to rewrite and clarify these areas without  
121 4 changing the basic context of the statute.

121 5 5. There are a number of reports and other information  
121 6 which banks are required to maintain or submit to the  
121 7 superintendent of banking were superfluous. In order to  
121 8 reduce the regulatory burden, several of these requirements  
121 9 have been omitted.

121 10 Because of the length of this bill and the numerous  
121 11 technical changes, this summary will not attempt to cover each  
121 12 and every change or modification, but will attempt to

121 13 highlight those changes which are significant or which provide  
121 14 additional flexibility for the industry. The synopsis will  
121 15 treat the changes or modifications within each division of  
121 16 chapter 524 in numerical order.

121 17 Division I &ndash; Several new definitions have been added,  
121 18 including "aggregate capital", "chief executive officer", and  
121 19 "executive officer". These definitions are similar to those  
121 20 provided in the federal statutes.

121 21 Division II &ndash; Section 524.211 is clarified as it relates  
121 22 to borrowings of the staff of the division of banking from  
121 23 various financial institutions. Borrowing from any entity  
121 24 where a division employee is involved in a regulatory role is  
121 25 still prohibited. The prohibition against disclosure of  
121 26 confidential information has also been clarified in section  
121 27 524.212.

121 28 Division III &ndash; Section 524.304 was revised to change the  
121 29 timing of the publication of the notice for a new state bank.

121 30 The application must be accepted for processing and the  
121 31 publication is to occur within 30 days of acceptance of the  
121 32 application. Section 524.305 limits the timeframe for written  
121 33 comments on a new bank application to 30 days after the second  
121 34 publication, as opposed to the current 90-day comment period.

121 35 A request for a hearing on a new bank application must be  
122 1 submitted in writing within 30 days after the second  
122 2 publication. Section 524.312, subsections 3 and 4, pertain to  
122 3 the relocation of the principal place of business and are  
122 4 currently located in division XV, amendment to articles of  
122 5 incorporation, section 524.1507. Section 524.314 deals with a  
122 6 renewal of the bank's corporate existence and was moved here  
122 7 from section 524.106.

122 8 Division IV &ndash; Section 524.401, subsection 2, eliminates  
122 9 the need for a specific amount of money to capitalize a new  
122 10 bank and substitutes "that required by the Federal Deposit  
122 11 Insurance Corporation", which is currently \$2 million. This  
122 12 change was made because no bank could be allowed to do  
122 13 business without the FDIC insurance. This section also  
122 14 provides that the superintendent shall designate the structure  
122 15 of the capital accounts of a new chartered bank rather than  
122 16 setting forth specific amounts as was contained in the current  
122 17 statute.

122 18 Division V &ndash; Sections 524.501 and 524.502 provide for the  
122 19 issuance of classes of shares and series within a class of  
122 20 shares similar to the provisions of chapter 490. Sections  
122 21 524.505 and 524.506 are new and incorporate a portion of the  
122 22 language found in sections 490.620 and 490.604. Section  
122 23 524.508 regarding shareholders' preemptive rights was changed  
122 24 to incorporate the language of section 490.630. Section  
122 25 524.509 states that until July 1, 1998, existing state banks  
122 26 are governed by the current preemptive rights statute unless  
122 27 limited by their articles of incorporation. Section 524.510  
122 28 allows a bank to acquire its own shares with the prior  
122 29 approval of the superintendent. Section 524.513 incorporates  
122 30 the language of section 490.706 regarding waiver of notice of  
122 31 a shareholder meeting. Section 524.514 now allows an action  
122 32 to be taken without a meeting similar to section 490.704.  
122 33 Section 524.520 regarding voting agreements is similar to  
122 34 section 490.731.

122 35 Division VI &ndash; Section 524.607 eliminates the requirement  
123 1 that the board of directors of a state bank must meet once  
123 2 each month. The new language requires that a board of  
123 3 directors hold a minimum of nine regular meetings during a  
123 4 calendar year, with no more than one regular meeting held in  
123 5 any one month. Section 524.608 has been amended to grant  
123 6 discretion to a state bank's board of directors to determine  
123 7 the audit needs of the bank. Section 524.613 concerning  
123 8 directors overdrawing their accounts has been amended to more  
123 9 closely reflect federal law.

123 10 Division VII &dash; Section 524.701 requires the board of  
123 11 directors to elect one officer as the chief executive officer  
123 12 of the bank. The chief executive officer shall be a board  
123 13 member. Section 524.706, subsection 4, has been amended to  
123 14 eliminate the need for an officer to notify the superintendent  
123 15 of banking when the officer's borrowings equal or exceed  
123 16 \$25,000 for a purpose other than residence. Section 524.710  
123 17 concerning officers overdrawing their accounts has also been  
123 18 amended to more closely reflect federal law.

123 19 Division VIII &dash; Section 524.802 has been amended to  
123 20 provide additional powers to state banks and to reorganize  
123 21 existing powers that had been located in other sections of  
123 22 chapter 524. Section 524.803 increases to 40 percent of  
123 23 aggregate capital the amount of fixed assets a state bank may  
123 24 hold without obtaining the superintendent's approval.

123 25 Division IX &dash; Section 524.901 has been amended to increase  
123 26 the investment limit for state banks to 15 percent of  
123 27 aggregate capital from 20 percent of capital and surplus.  
123 28 Changes have also been made to further clarify unclear and  
123 29 difficult to interpret language. Section 524.904 has likewise  
123 30 been amended to increase a state bank's lending limit to 15  
123 31 percent of aggregate capital from 20 percent of capital and  
123 32 surplus. The new language will allow a state bank to lend  
123 33 additional funds to borrowers secured by capital or breeding  
123 34 livestock. This new borrowing provision more closely reflects  
123 35 federal law in this area.

124 1 Division X &dash; No changes.

124 2 Division XI &dash; Section 524.1103 has been amended to provide  
124 3 an exception for operations subsidiaries from the provisions  
124 4 of section 524.1102.

124 5 Division XII &dash; No changes.

124 6 Division XIII &dash; Section 524.1301 was changed to  
124 7 incorporate the language of section 490.1401. Section  
124 8 524.1303 allows a state bank to be acquired by a financial  
124 9 institution other than a bank, as long as the financial  
124 10 institution is insured by the FDIC. The publication  
124 11 requirements for a dissolution application are changed to  
124 12 allow for the publication to occur after the application is  
124 13 accepted for processing. The notice provides for a 30-day  
124 14 time frame after the second publication to submit written  
124 15 comments or a written request for a hearing on the  
124 16 application. Section 524.1305 regarding articles of  
124 17 dissolution incorporates the provisions of section 490.1403  
124 18 and existing statute. Section 524.1306 incorporates portions  
124 19 of section 490.1405 with the existing statute. Sections  
124 20 524.1308 and 524.1309 incorporate the provisions of sections  
124 21 490.1406 and 490.1407.

124 22 Division XIV &dash; The word "consolidation" was deleted from  
124 23 this division, as it has the same meaning as "merger" in the  
124 24 combination of one or more banks. Section 524.1401 allows for  
124 25 the merger of banks and savings associations and other  
124 26 corporations. Section 524.1402 changes the publication  
124 27 requirements and comment period following the publication -  
124 28 same as new bank and dissolution applications. Section  
124 29 524.1405 incorporates portions of section 490.1106. Section  
124 30 524.1407 was moved to division X as new section 524.1009 &dash;  
124 31 succession to fiduciary accounts and appointments &dash;  
124 32 application for appointment of new fiduciary.

124 33 Division XV &dash; Section 524.1503 incorporates the provisions  
124 34 of section 490.1004. Section 524.1507 was moved to section  
124 35 524.312. Section 524.1508 provides for reverse stock splits.  
125 1 Section 524.1509 incorporates the provisions of section  
125 2 490.1009.

125 3 Division XVI &dash; No changes

125 4 Division XVII &dash; The entire division on private banks has  
125 5 been repealed.

125 6 Division XVIII &dash; Section 524.1806 has been amended so only

125 7 directors and officers of the bank holding company will be  
125 8 deemed to be a director or an officer of the state bank for  
125 9 purposes of insider treatment.  
125 10 Division XIX &endash; No changes.  
125 11 Division XX &endash; No changes.  
125 12 LSB 1136DP 76  
125 13 mj/cf/24