

Senate Study Bill 213

Conference Committee Text

PAG LIN

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 – 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 – 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~~
54 29 of the state bank on an account at the state bank, unless the
54 30 payment of funds is made in accordance with either of the
54 31 following:

54 32 a. A written, preauthorized, interest-bearing extension of
54 33 credit plan that specifies a method of repayment.

54 34 b. A written, preauthorized transfer of collected funds
54 35 from another account of the account holder at the state bank.

55 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~~

55 8 shall not be counted in determining a quorum, and shall not be
55 9 charged with any responsibilities or be subject to any
55 10 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 – 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 – 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 –

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 – 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 – 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 – 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 – 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 – 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 – 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 – 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 – 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 ‐ 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 ‐ 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 ‐ 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 ‐ No changes.

124 2 Division XI ‐ 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 ‐ No changes.

124 6 Division XIII ‐ 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 ‐ 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 ‐
124 31 succession to fiduciary accounts and appointments ‐
124 32 application for appointment of new fiduciary.

124 33 Division XV ‐ 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 ‐ No changes

125 4 Division XVII ‐ The entire division on private banks has
125 5 been repealed.

125 6 Division XVIII ‐ 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