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3/24/98 (p. 873)

FILED FEB 23 1998

SENATE FILE 2301
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SSB 2059)

Passed Senate, Date ^(p. 537) 3/3/98 Passed House, ^(p. 873) Date 3/24/98
Vote: Ayes 49 Nays 0 Vote: Ayes 94 Nays 0
Approved April 1, 1998

A BILL FOR

1 An Act relating to the operation and regulation of banks and
2 making technical corrections.

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

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S.F. 2301

1 Section 1. Section 524.912, Code 1997, is amended to read
2 as follows:

3 524.912 CUSTOMER SHALL BE FREE TO OBTAIN OWN INSURANCE AND
4 LOAN.

5 In any case in which any kind of insurance is required by
6 the state bank as a condition for lending money or in
7 connection with any other transaction, the customer shall be
8 free to obtain such insurance from a source of the customer's
9 selection. In the case of a sale of shares of stock, bonds,
10 or other securities, or real property by an officer or
11 employee, which is authorized by the board of directors of a
12 state bank in the manner provided for in ~~subsection-3-of~~
13 section 524.710, subsection 1, paragraph "b", the purchaser
14 shall be free to obtain any a loan for the purchase thereof of
15 such stock, bonds, or other securities, or real property from
16 a lender of the purchaser's selection.

17 Sec. 2. Section 524.1002, subsection 5, Code 1997, is
18 amended to read as follows:

19 5. Unless otherwise authorized by the instrument creating
20 the relationship, court order, or the laws of this state, a
21 state bank, as fiduciary, shall not, directly or indirectly,
22 sell any asset to the state bank for its own account, or to an
23 officer, director, or employee, nor purchase from the state
24 bank, or an officer, director, or employee, any asset or any
25 security issued by the state bank except, in the case of a
26 state bank, any of the following:

27 a. Investments in which a state bank may invest without
28 limitation pursuant to section 524.901, subsection ~~17~~ 3.

29 b. Assets purchased by the state bank pursuant to an
30 agreement whereby the state bank is bound to sell, and the
31 state bank as fiduciary is bound to buy, at a date not more
32 than one year from the date of acquisition by the state bank,
33 such assets at a price agreed upon at the time of acquisition
34 by the state bank, ~~-or-~~

35 c. Any asset sold to the state bank for its own account or

1 purchased in a fiduciary capacity from the state bank with the
2 prior approval of the superintendent.

3 Sec. 3. NEW SECTION. 524.1206 IDENTIFICATION OF LEGALLY
4 CHARTERED NAME OF BANK -- REQUIRED USE OF NAME.

5 A state or national bank, at its locations in this state,
6 shall identify its principal place of business, any bank
7 office, or any bank branch in a manner which includes its
8 legally chartered name or a reasonable variation of such name.
9 The legally chartered name of the state or national bank shall
10 be used in all legal documents of such bank.

11 Sec. 4. Section 524.1405, subsection 2, paragraph f, Code
12 1997, is amended to read as follows:

13 f. The shares of each party to the merger that are to be
14 converted into shares, obligations, or other securities of the
15 surviving party or any other corporation or into cash or other
16 property are converted, and the former holders of the shares
17 are entitled only to the rights provided in the articles of
18 merger or to their rights under ~~division-XIII-of-this-chapter~~
19 section 524.1406.

20 Sec. 5. Section 524.1409, Code 1997, is amended to read as
21 follows:

22 524.1409 ~~AUTHORITY-FOR~~ CONVERSION OF NATIONAL BANK OR
23 FEDERAL SAVINGS ASSOCIATION INTO STATE BANK.

24 A national bank may or federal savings association, subject
25 to the provisions of this chapter, may convert into a state
26 bank upon authorization by and compliance with the laws of the
27 United States, adoption of a plan of conversion by the
28 affirmative vote of at least a majority of its directors and
29 the holders of two-thirds of each class of its shares at a
30 meeting held upon not less than ten days' notice to all
31 shareholders, and upon approval of the superintendent.

32 Sec. 6. Section 524.1410, unnumbered paragraph 1, Code
33 1997, is amended to read as follows:

34 A national bank or federal savings association shall make
35 an application to the superintendent for approval of the

1 conversion in a manner prescribed by the superintendent and
2 shall deliver to the superintendent, when available:

3 Sec. 7. Section 524.1411, unnumbered paragraph 1, Code
4 1997, is amended to read as follows:

5 The articles of conversion shall be signed by two duly
6 authorized officers of the national bank or federal savings
7 association and shall contain all of the following:

8 Sec. 8. Section 524.1411, subsection 1, Code 1997, is
9 amended to read as follows:

10 1. The name of the national bank or federal savings
11 association and the name of the resulting state bank.

12 Sec. 9. Section 524.1412, unnumbered paragraph 1, Code
13 1997, is amended to read as follows:

14 Within thirty days after the application for conversion has
15 been accepted for processing, the national bank or federal
16 savings association shall publish a notice of the delivery of
17 the articles of conversion to the superintendent once each
18 week for two successive weeks in a newspaper of general
19 circulation published in the municipal corporation or
20 unincorporated area in which the national bank or federal
21 savings association has its principal place of business, or if
22 there is none, a newspaper of general circulation published in
23 the county, or in a county adjoining the county, in which the
24 national bank or federal savings association has its principal
25 place of business. The notice shall set forth all of the
26 following:

27 Sec. 10. Section 524.1412, subsection 1, Code 1997, is
28 amended to read as follows:

29 1. The name of the national bank or federal savings
30 association and the name of the resulting state bank.

31 Sec. 11. Section 524.1413, Code 1997, is amended to read
32 as follows:

33 524.1413 APPROVAL OF CONVERSION BY SUPERINTENDENT.

34 1. Upon acceptance for processing of an application for
35 approval of a conversion, the superintendent shall conduct

1 such investigation as the superintendent deems necessary to
2 ascertain the following:

3 1- a. The articles of conversion and supporting items
4 satisfy the requirements of this chapter.

5 2- b. The plan adequately protects the interests of
6 depositors.

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

11 4- d. The resulting state bank will possess an adequate
12 capital structure.

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

33 Sec. 12. Section 524.1415, Code 1997, is amended to read
34 as follows:

35 524.1415 EFFECT OF FILING OF ARTICLES OF CONVERSION WITH

1 SECRETARY OF STATE.

2 1. The conversion is effective upon the filing of the
3 articles of conversion with the secretary of state, or at any
4 later date and time as specified in the articles of
5 conversion. The acknowledgment of filing is conclusive
6 evidence of the performance of all conditions required by this
7 chapter for conversion of a national bank or federal savings
8 association into a state bank, except as against the state.

9 2. When a conversion becomes effective, the existence of
10 the national bank or federal savings association shall
11 continue in the resulting state bank which shall have all the
12 property, rights, powers, and duties of the national bank or
13 federal savings association, except that the resulting state
14 bank shall have only the authority to engage in such business
15 and exercise such powers as it would have, and shall be
16 subject to the same prohibitions and limitations to which it
17 would be subject, upon original incorporation under this
18 chapter. The articles of incorporation of the resulting state
19 bank shall be the provisions stated in the articles of
20 conversion.

21 3. No liability of the national bank or federal savings
22 association, or of ~~its~~ the national bank's or federal savings
23 association's shareholders, directors, or officers ~~shall be,~~
24 is affected, nor shall any by the conversion. A lien on any
25 property of the national bank or federal savings
26 association is not impaired by the conversion. ~~Any~~ A claim
27 existing or action pending by or against the national bank or
28 federal savings association may be prosecuted to judgment as
29 if the conversion had not taken place, or the resulting state
30 bank may be substituted in its place.

31 4. The title to all real estate and other property owned
32 by the converting national bank or federal savings association
33 is vested in the resulting state bank without reversion or
34 impairment.

35 Sec. 13. Section 524.1416, Code 1997, is amended to read

1 as follows:

2 524.1416 AUTHORITY FOR CONVERSION OF STATE BANK INTO
3 NATIONAL BANK OR FEDERAL SAVINGS ASSOCIATION.

4 1. A state bank may convert into a national bank or
5 federal savings association upon authorization by and
6 compliance with the laws of the United States, and adoption of
7 a plan of conversion by the affirmative vote of at least a
8 majority of its directors and the holders of two-thirds of
9 each class of its shares at a meeting held upon not less than
10 ten days' notice to all shareholders. The authority of a
11 state bank to convert into a national bank or federal savings
12 association shall be subject to the condition that at the time
13 of the transaction, the laws of the United States shall
14 authorize a national bank or federal savings association
15 located in this state, without approval by the comptroller of
16 the currency of the United States or director of the office of
17 thrift supervision, as applicable, to convert into a state
18 bank under limitations and conditions no more restrictive than
19 those contained in this section and section 524.1417 with
20 respect to conversion of a state bank into a national bank or
21 federal savings association.

22 2. A state bank which converts into a national bank or
23 federal savings association shall notify the superintendent of
24 the proposed conversion, provide such evidence of the adoption
25 of the plan as the superintendent may request, notify the
26 superintendent of any abandonment or disapproval of the plan,
27 file with the superintendent and with the secretary of state a
28 certificate of the approval of the conversion by the
29 comptroller of the currency of the United States or director
30 of the office of thrift supervision, as applicable, and the
31 date upon which such conversion is to become effective.

32 Sec. 14. Section 524.1417, Code 1997, is amended to read
33 as follows:

34 524.1417 RIGHTS OF DISSENTING SHAREHOLDER OF CONVERTING
35 STATE OR NATIONAL BANK OR FEDERAL SAVINGS ASSOCIATION.

1 1. A shareholder of a state bank which converts into a
2 national bank or federal savings association who objects to
3 the plan of conversion is entitled to the rights and remedies
4 of a dissenting shareholder as provided in chapter 490,
5 division XIII.

6 2. If a shareholder of a national bank or federal savings
7 association, which converts into a state bank, objects to the
8 plan of conversion and complies with the requirements of
9 applicable laws of the United States, the resulting state bank
10 is liable for the value of the shareholder's shares as
11 determined in accordance with such laws of the United States.

12 Sec. 15. Section 524.1418, Code 1997, is amended to read
13 as follows:

14 524.1418 SUCCESSION TO FIDUCIARY ACCOUNTS AND APPOINTMENTS
15 -- APPLICATION FOR APPOINTMENT OF NEW FIDUCIARY.

16 The provisions of section 524.1009 apply to a resulting
17 state or national bank or federal savings association after a
18 conversion with the same effect as though the state or
19 national bank or federal savings association were a party to a
20 plan of merger, and the conversion were a merger, within the
21 provisions of that section.

22 Sec. 16. Section 524.1601, subsection 1, paragraph d, Code
23 1997, is amended to read as follows:

24 d. The amount of profit, fees or other compensation
25 received, upon conviction of a violation of ~~subsection-3-of~~
26 section 524.710, subsection 1, paragraph "b".

27 EXPLANATION

28 This bill amends provisions relating to the operation and
29 regulation of banks in this state.

30 Code section 524.912 is amended by correcting an internal
31 Code reference and making stylistic changes.

32 Code section 524.1002 is amended by correcting an internal
33 Code reference and making stylistic changes.

34 New Code section 524.1206 is created and requires a state
35 or national bank to identify its principal place of business,

1 any bank office, or any bank branch in a manner which includes
2 its legally chartered name or a reasonable variation of such
3 name at its Iowa locations. The section also requires the
4 state or national bank to use its legally chartered name in
5 all legal documents of such bank.

6 Code section 524.1405 is amended by correcting an internal
7 Code reference with respect to dissenting shareholder rights
8 when a merger takes place.

9 Code sections 524.1409 through 524.1413 and 524.1415
10 through 524.1418 are amended to allow for the conversion of a
11 federal savings association into a state bank and for the
12 conversion of a state bank into a federal savings association.

13 Code section 524.1601 is amended by correcting an internal
14 Code reference.

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Palmer
Lundby
Rife

SSB 2059
Commerce

Succeeded By

SENATE/HOUSE FILE SF/HF 2301

BY (PROPOSED DEPARTMENT OF
COMMERCE/BANKING DIVISION
BILL)

Passed Senate, Date _____ Passed House, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to the operation and regulation of banks and
2 making technical corrections.

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

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1 Section 1. Section 524.220, subsection 3, Code 1997, is
2 amended by striking the subsection.

3 Sec. 2. Section 524.912, Code 1997, is amended to read as
4 follows:

5 524.912 CUSTOMER SHALL BE FREE TO OBTAIN OWN INSURANCE AND
6 LOAN.

7 In any case in which any kind of insurance is required by
8 the state bank as a condition for lending money or in
9 connection with any other transaction, the customer shall be
10 free to obtain such insurance from a source of the customer's
11 selection. In the case of a sale of shares of stock, bonds,
12 or other securities, or real property by an officer or
13 employee, which is authorized by the board of directors of a
14 state bank in the manner provided for in subsection-3-of
15 section 524.710, subsection 1, paragraph "b", the purchaser
16 shall be free to obtain any a loan for the purchase thereof of
17 such stock, bonds, or other securities, or real property from
18 a lender of the purchaser's selection.

19 Sec. 3. Section 524.1002, subsection 5, Code 1997, is
20 amended to read as follows:

21 5. Unless otherwise authorized by the instrument creating
22 the relationship, court order, or the laws of this state, a
23 state bank, as fiduciary, shall not, directly or indirectly,
24 sell any asset to the state bank for its own account, or to an
25 officer, director, or employee, nor purchase from the state
26 bank, or an officer, director, or employee, any asset or any
27 security issued by the state bank except, in the case of a
28 state bank, any of the following:

29 a. Investments in which a state bank may invest without
30 limitation pursuant to section 524.901, subsection 17 3.

31 b. Assets purchased by the state bank pursuant to an
32 agreement whereby the state bank is bound to sell, and the
33 state bank as fiduciary is bound to buy, at a date not more
34 than one year from the date of acquisition by the state bank,
35 such assets at a price agreed upon at the time of acquisition

1 by the state bank~~7-or~~.

2 c. Any asset sold to the state bank for its own account or
3 purchased in a fiduciary capacity from the state bank with the
4 prior approval of the superintendent.

5 Sec. 4. NEW SECTION. 524.1206 IDENTIFICATION OF LEGALLY
6 CHARTERED NAME OF BANK -- REQUIRED USE OF NAME.

7 A state or national bank, at its locations in this state,
8 shall identify its principal place of business, any bank
9 office, or any bank branch in a manner which includes its
10 legally chartered name or a reasonable variation of such name.
11 The legally chartered name of the state or national bank shall
12 be used in all legal documents of such bank.

13 Sec. 5. Section 524.1405, subsection 2, paragraph f, Code
14 1997, is amended to read as follows:

15 f. The shares of each party to the merger that are to be
16 converted into shares, obligations, or other securities of the
17 surviving party or any other corporation or into cash or other
18 property are converted, and the former holders of the shares
19 are entitled only to the rights provided in the articles of
20 merger or to their rights under ~~division-XIII-of-this-chapter~~
21 section 524.1406.

22 Sec. 6. Section 524.1409, Code 1997, is amended to read as
23 follows:

24 524.1409 ~~AUTHORITY-FOR~~ CONVERSION OF NATIONAL BANK OR
25 FEDERAL SAVINGS ASSOCIATION INTO STATE BANK.

26 A national bank ~~may~~ or federal savings association, subject
27 to the provisions of this chapter, may convert into a state
28 bank upon authorization by and compliance with the laws of the
29 United States, adoption of a plan of conversion by the
30 affirmative vote of at least a majority of its directors and
31 the holders of two-thirds of each class of its shares at a
32 meeting held upon not less than ten days' notice to all
33 shareholders, and upon approval of the superintendent.

34 Sec. 7. Section 524.1410, unnumbered paragraph 1, Code
35 1997, is amended to read as follows:

1 A national bank or federal savings association shall make
2 an application to the superintendent for approval of the
3 conversion in a manner prescribed by the superintendent and
4 shall deliver to the superintendent, when available:

5 Sec. 8. Section 524.1411, unnumbered paragraph 1, Code
6 1997, is amended to read as follows:

7 The articles of conversion shall be signed by two duly
8 authorized officers of the national bank or federal savings
9 association and shall contain all of the following:

10 Sec. 9. Section 524.1411, subsection 1, Code 1997, is
11 amended to read as follows:

12 1. The name of the national bank or federal savings
13 association and the name of the resulting state bank.

14 Sec. 10. Section 524.1412, unnumbered paragraph 1, Code
15 1997, is amended to read as follows:

16 Within thirty days after the application for conversion has
17 been accepted for processing, the national bank or federal
18 savings association shall publish a notice of the delivery of
19 the articles of conversion to the superintendent once each
20 week for two successive weeks in a newspaper of general
21 circulation published in the municipal corporation or
22 unincorporated area in which the national bank or federal
23 savings association has its principal place of business, or if
24 there is none, a newspaper of general circulation published in
25 the county, or in a county adjoining the county, in which the
26 national bank or federal savings association has its principal
27 place of business. The notice shall set forth all of the
28 following:

29 Sec. 11. Section 524.1412, subsection 1, Code 1997, is
30 amended to read as follows:

31 1. The name of the national bank or federal savings
32 association and the name of the resulting state bank.

33 Sec. 12. Section 524.1413, Code 1997, is amended to read
34 as follows:

35 524.1413 APPROVAL OF CONVERSION BY SUPERINTENDENT.

1 1. Upon acceptance for processing of an application for
2 approval of a conversion, the superintendent shall conduct
3 such investigation as the superintendent deems necessary to
4 ascertain the following:

5 1- a. The articles of conversion and supporting items
6 satisfy the requirements of this chapter.

7 2- b. The plan adequately protects the interests of
8 depositors.

9 3- c. The requirements for a conversion under all
10 applicable laws have been satisfied and the resulting state
11 bank would satisfy the requirements of this chapter applicable
12 to it.

13 4- d. The resulting state bank will possess an adequate
14 capital structure.

15 2. Within ninety days after the application has been
16 accepted for processing, the superintendent shall approve or
17 disapprove the application on the basis of the investigation.
18 As a condition of receiving the decision of the superintendent
19 with respect to the application, the national bank or federal
20 savings association shall reimburse the superintendent for all
21 expenses incurred in connection with the application. The
22 superintendent shall give the national bank or federal savings
23 association written notice of the decision and, in the event
24 of disapproval, a statement of the reasons for the decision.
25 If the superintendent approves the application, the
26 superintendent shall deliver the articles of conversion, with
27 the superintendent's approval indicated on the articles of
28 conversion, to the secretary of state. The decision of the
29 superintendent shall be subject to judicial review pursuant to
30 chapter 17A. Notwithstanding the terms of the Iowa
31 administrative procedure Act, chapter 17A, a petition for
32 judicial review must be filed within thirty days after the
33 superintendent notifies the national bank or federal savings
34 association of the superintendent's decision.

35 Sec. 13. Section 524.1415, Code 1997, is amended to read

1 as follows:

2 524.1415 EFFECT OF FILING OF ARTICLES OF CONVERSION WITH
3 SECRETARY OF STATE.

4 1. The conversion is effective upon the filing of the
5 articles of conversion with the secretary of state, or at any
6 later date and time as specified in the articles of
7 conversion. The acknowledgment of filing is conclusive
8 evidence of the performance of all conditions required by this
9 chapter for conversion of a national bank or federal savings
10 association into a state bank, except as against the state.

11 2. When a conversion becomes effective, the existence of
12 the national bank or federal savings association shall
13 continue in the resulting state bank which shall have all the
14 property, rights, powers, and duties of the national bank or
15 federal savings association, except that the resulting state
16 bank shall have only the authority to engage in such business
17 and exercise such powers as it would have, and shall be
18 subject to the same prohibitions and limitations to which it
19 would be subject, upon original incorporation under this
20 chapter. The articles of incorporation of the resulting state
21 bank shall be the provisions stated in the articles of
22 conversion.

23 3. No liability of the national bank or federal savings
24 association, or of ~~its~~ the national bank's or federal savings
25 association's shareholders, directors, or officers ~~shall be~~
26 is affected, nor shall any by the conversion. A lien on any
27 property of the national bank or federal savings
28 association is not impaired by the conversion. Any A claim
29 existing or action pending by or against the national bank or
30 federal savings association may be prosecuted to judgment as
31 if the conversion had not taken place, or the resulting state
32 bank may be substituted in its place.

33 4. The title to all real estate and other property owned
34 by the converting national bank or federal savings association
35 is vested in the resulting state bank without reversion or

1 impairment.

2 Sec. 14. Section 524.1416, Code 1997, is amended to read
3 as follows:

4 524.1416 AUTHORITY FOR CONVERSION OF STATE BANK INTO
5 NATIONAL BANK OR FEDERAL SAVINGS ASSOCIATION.

6 1. A state bank may convert into a national bank or
7 federal savings association upon authorization by and
8 compliance with the laws of the United States, and adoption of
9 a plan of conversion by the affirmative vote of at least a
10 majority of its directors and the holders of two-thirds of
11 each class of its shares at a meeting held upon not less than
12 ten days' notice to all shareholders. The authority of a
13 state bank to convert into a national bank or federal savings
14 association shall be subject to the condition that at the time
15 of the transaction, the laws of the United States shall
16 authorize a national bank or federal savings association
17 located in this state, without approval by the comptroller of
18 the currency of the United States or director of the office of
19 thrift supervision, as applicable, to convert into a state
20 bank under limitations and conditions no more restrictive than
21 those contained in this section and section 524.1417 with
22 respect to conversion of a state bank into a national bank or
23 federal savings association.

24 2. A state bank which converts into a national bank or
25 federal savings association shall notify the superintendent of
26 the proposed conversion, provide such evidence of the adoption
27 of the plan as the superintendent may request, notify the
28 superintendent of any abandonment or disapproval of the plan,
29 file with the superintendent and with the secretary of state a
30 certificate of the approval of the conversion by the
31 comptroller of the currency of the United States or director
32 of the office of thrift supervision, as applicable, and the
33 date upon which such conversion is to become effective.

34 Sec. 15. Section 524.1417, Code 1997, is amended to read
35 as follows:

1 524.1417 RIGHTS OF DISSENTING SHAREHOLDER OF CONVERTING
2 STATE OR NATIONAL BANK OR FEDERAL SAVINGS ASSOCIATION.

3 1. A shareholder of a state bank which converts into a
4 national bank or federal savings association who objects to
5 the plan of conversion is entitled to the rights and remedies
6 of a dissenting shareholder as provided in chapter 490,
7 division XIII.

8 2. If a shareholder of a national bank or federal savings
9 association, which converts into a state bank, objects to the
10 plan of conversion and complies with the requirements of
11 applicable laws of the United States, the resulting state bank
12 is liable for the value of the shareholder's shares as
13 determined in accordance with such laws of the United States.

14 Sec. 16. Section 524.1418, Code 1997, is amended to read
15 as follows:

16 524.1418 SUCCESSION TO FIDUCIARY ACCOUNTS AND APPOINTMENTS
17 -- APPLICATION FOR APPOINTMENT OF NEW FIDUCIARY.

18 The provisions of section 524.1009 apply to a resulting
19 state or national bank or federal savings association after a
20 conversion with the same effect as though the state or
21 national bank or federal savings association were a party to a
22 plan of merger, and the conversion were a merger, within the
23 provisions of that section.

24 Sec. 17. Section 524.1601, subsection 1, paragraph d, Code
25 1997, is amended to read as follows:

26 d. The amount of profit, fees or other compensation
27 received, upon conviction of a violation of subsection-3-of
28 section 524.710, subsection 1, paragraph "b".

29 EXPLANATION

30 This bill amends provisions relating to the operation and
31 regulation of banks in this state.

32 Code section 524.220 is amended by striking the requirement
33 that a state-chartered bank publish its statement of condition
34 for the calendar quarters ending June 30 and December 31 in a
35 local newspaper.

1 Code section 524.912 is amended by correcting an internal
2 Code reference and making stylistic changes.

3 Code section 524.1002 is amended by correcting an internal
4 Code reference and making stylistic changes.

5 New Code section 524.1206 is created and requires a state
6 or national bank to identify its principal place of business,
7 any bank office, or any bank branch in a manner which includes
8 its legally chartered name or a reasonable variation of such
9 name at its Iowa locations. The section also requires the
10 state or national bank to use its legally chartered name in
11 all legal documents of such bank.

12 Code section 524.1405 is amended by correcting an internal
13 Code reference with respect to dissenting shareholder rights
14 when a merger takes place.

15 Code sections 524.1409 through 524.1413 and 524.1415
16 through 524.1418 are amended to allow for the conversion of a
17 federal savings association into a state bank and for the
18 conversion of a state bank into a federal savings association.

19 Code section 524.1601 is amended by correcting an internal
20 Code reference.

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SENATE FILE 2301

AN ACT

RELATING TO THE OPERATION AND REGULATION OF BANKS AND MAKING
TECHNICAL CORRECTIONS.

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

Section 1. Section 524.912, Code 1997, is amended to read as follows:

524.912 CUSTOMER SHALL BE FREE TO OBTAIN OWN INSURANCE AND LOAN.

In any case in which any kind of insurance is required by the state bank as a condition for lending money or in connection with any other transaction, the customer shall be free to obtain such insurance from a source of the customer's selection. In the case of a sale of shares of stock, bonds, or other securities, or real property by an officer or employee, which is authorized by the board of directors of a state bank in the manner provided for in subsection 3 of section 524.710, subsection 1, paragraph "b", the purchaser shall be free to obtain any a loan for the purchase thereof of such stock, bonds, or other securities, or real property from a lender of the purchaser's selection.

Sec. 2. Section 524.1002, subsection 5, Code 1997, is amended to read as follows:

5. Unless otherwise authorized by the instrument creating the relationship, court order, or the laws of this state, a state bank, as fiduciary, shall not, directly or indirectly, sell any asset to the state bank for its own account, or to an

officer, director, or employee, nor purchase from the state bank, or an officer, director, or employee, any asset or any security issued by the state bank except, in the case of a state bank, any of the following:

a. Investments in which a state bank may invest without limitation pursuant to section 524.901, subsection 3.

b. Assets purchased by the state bank pursuant to an agreement whereby the state bank is bound to sell, and the state bank as fiduciary is bound to buy, at a date not more than one year from the date of acquisition by the state bank, such assets at a price agreed upon at the time of acquisition by the state bank, or.

c. Any asset sold to the state bank for its own account or purchased in a fiduciary capacity from the state bank with the prior approval of the superintendent.

Sec. 3. NEW SECTION. 524.1206 IDENTIFICATION OF LEGALLY CHARTERED NAME OF BANK -- REQUIRED USE OF NAME.

A state or national bank, at its locations in this state, shall identify its principal place of business, any bank office, or any bank branch in a manner which includes its legally chartered name or a reasonable variation of such name. The legally chartered name of the state or national bank shall be used in all legal documents of such bank.

Sec. 4. Section 524.1405, subsection 2, paragraph f, Code 1997, is amended to read as follows:

f. The shares of each party to the merger that are to be converted into shares, obligations, or other securities of the surviving party or any other corporation or into cash or other property are converted, and the former holders of the shares are entitled only to the rights provided in the articles of merger or to their rights under division XIII of this chapter section 524.1406.

Sec. 5. Section 524.1409, Code 1997, is amended to read as follows:

524.1409 AUTHORITY FOR CONVERSION OF NATIONAL BANK OR FEDERAL SAVINGS ASSOCIATION INTO STATE BANK.

A national bank may or federal savings association, subject to the provisions of this chapter, may convert into a state bank upon authorization by and compliance with the laws of the United States, adoption of a plan of conversion by the affirmative vote of at least a majority of its directors and the holders of two-thirds of each class of its shares at a meeting held upon not less than ten days' notice to all shareholders, and upon approval of the superintendent.

Sec. 6. Section 524.1410, unnumbered paragraph 1, Code 1997, is amended to read as follows:

A national bank or federal savings association shall make an application to the superintendent for approval of the conversion in a manner prescribed by the superintendent and shall deliver to the superintendent, when available:

Sec. 7. Section 524.1411, unnumbered paragraph 1, Code 1997, is amended to read as follows:

The articles of conversion shall be signed by two duly authorized officers of the national bank or federal savings association and shall contain all of the following:

Sec. 8. Section 524.1411, subsection 1, Code 1997, is amended to read as follows:

1. The name of the national bank or federal savings association and the name of the resulting state bank.

Sec. 9. Section 524.1412, unnumbered paragraph 1, Code 1997, is amended to read as follows:

Within thirty days after the application for conversion has been accepted for processing, the national bank or federal savings association shall publish a notice of the delivery of the articles of conversion to the superintendent once each week for two successive weeks in a newspaper of general circulation published in the municipal corporation or unincorporated area in which the national bank or federal savings association has its principal place of business, or if

there is none, a newspaper of general circulation published in the county, or in a county adjoining the county, in which the national bank or federal savings association has its principal place of business. The notice shall set forth all of the following:

Sec. 10. Section 524.1412, subsection 1, Code 1997, is amended to read as follows:

1. The name of the national bank or federal savings association and the name of the resulting state bank.

Sec. 11. Section 524.1413, Code 1997, is amended to read as follows:

524.1413 APPROVAL OF CONVERSION BY SUPERINTENDENT.

1. Upon acceptance for processing of an application for approval of a conversion, the superintendent shall conduct such investigation as the superintendent deems necessary to ascertain the following:

2+ a. The articles of conversion and supporting items satisfy the requirements of this chapter.

2+ b. The plan adequately protects the interests of depositors.

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

4+ d. The resulting state bank will possess an adequate capital structure.

2. Within ninety days after the application has been accepted for processing, the superintendent shall approve or disapprove the application on the basis of the investigation. As a condition of receiving the decision of the superintendent with respect to the application, the national bank or federal savings association shall reimburse the superintendent for all expenses incurred in connection with the application. The superintendent shall give the national bank or federal savings association written notice of the decision and, in the event

of disapproval, a statement of the reasons for the decision. If the superintendent approves the application, the superintendent shall deliver the articles of conversion, with the superintendent's approval indicated on the articles of conversion, to the secretary of state. The decision of the superintendent shall be subject to judicial review pursuant to chapter 17A. Notwithstanding the terms of the Iowa administrative procedure Act, chapter 17A, a petition for judicial review must be filed within thirty days after the superintendent notifies the national bank or federal savings association of the superintendent's decision.

Sec. 12. Section 524.1415, Code 1997, is amended to read as follows:

524.1415 EFFECT OF FILING OF ARTICLES OF CONVERSION WITH SECRETARY OF STATE.

1. The conversion is effective upon the filing of the articles of conversion with the secretary of state, or at any later date and time as specified in the articles of conversion. The acknowledgment of filing is conclusive evidence of the performance of all conditions required by this chapter for conversion of a national bank or federal savings association into a state bank, except as against the state.

2. When a conversion becomes effective, the existence of the national bank or federal savings association shall continue in the resulting state bank which shall have all the property, rights, powers, and duties of the national bank or federal savings association, except that the resulting state bank shall have only the authority to engage in such business and exercise such powers as it would have, and shall be subject to the same prohibitions and limitations to which it would be subject, upon original incorporation under this chapter. The articles of incorporation of the resulting state bank shall be the provisions stated in the articles of conversion.

3. No liability of the national bank or federal savings association, or of its the national bank's or federal savings association's shareholders, directors, or officers shall be ~~is affected, nor shall any~~ by the conversion. A lien on any property of the national bank or federal savings association is not impaired by the conversion. Any A claim existing or action pending by or against the national bank or federal savings association may be prosecuted to judgment as if the conversion had not taken place, or the resulting state bank may be substituted in its place.

4. The title to all real estate and other property owned by the converting national bank or federal savings association is vested in the resulting state bank without reversion or impairment.

Sec. 13. Section 524.1416, Code 1997, is amended to read as follows:

524.1416 AUTHORITY FOR CONVERSION OF STATE BANK INTO NATIONAL BANK OR FEDERAL SAVINGS ASSOCIATION.

1. A state bank may convert into a national bank or federal savings association upon authorization by and compliance with the laws of the United States, and adoption of a plan of conversion by the affirmative vote of at least a majority of its directors and the holders of two-thirds of each class of its shares at a meeting held upon not less than ten days' notice to all shareholders. The authority of a state bank to convert into a national bank or federal savings association shall be subject to the condition that at the time of the transaction, the laws of the United States shall authorize a national bank or federal savings association located in this state, without approval by the comptroller of the currency of the United States or director of the office of thrift supervision, as applicable, to convert into a state bank under limitations and conditions no more restrictive than those contained in this section and section 524.1417 with respect to conversion of a state bank into a national bank or federal savings association.

2. A state bank which converts into a national bank or federal savings association shall notify the superintendent of the proposed conversion, provide such evidence of the adoption of the plan as the superintendent may request, notify the superintendent of any abandonment or disapproval of the plan, file with the superintendent and with the secretary of state a certificate of the approval of the conversion by the comptroller of the currency of the United States or director of the office of thrift supervision, as applicable, and the date upon which such conversion is to become effective.

Sec. 14. Section 524.1417, Code 1997, is amended to read as follows:

524.1417 RIGHTS OF DISSENTING SHAREHOLDER OF CONVERTING STATE OR NATIONAL BANK OR FEDERAL SAVINGS ASSOCIATION.

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

2. If a shareholder of a national bank or federal savings association, which converts into a state bank, objects to the plan of conversion and complies with the requirements of applicable laws of the United States, the resulting state bank is liable for the value of the shareholder's shares as determined in accordance with such laws of the United States.

Sec. 15. Section 524.1418, Code 1997, is amended to read as follows:

524.1418 SUCCESSION TO FIDUCIARY ACCOUNTS AND APPOINTMENTS -- APPLICATION FOR APPOINTMENT OF NEW FIDUCIARY.

The provisions of section 524.1009 apply to a resulting state or national bank or federal savings association after a conversion with the same effect as though the state or national bank or federal savings association were a party to a plan of merger, and the conversion were a merger, within the provisions of that section.

Sec. 16. Section 524.1601, subsection 1, paragraph d, Code 1997, is amended to read as follows:

d. The amount of profit, fees or other compensation received, upon conviction of a violation of subsection-3-of section 524.710, subsection 1, paragraph "b".

MARY E. KRAMER
President of the Senate

RON J. CORBETT
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2301, Seventy-seventh General Assembly.

MARY PAT GUNDERSON
Secretary of the Senate

Approved April 1, 1998

TERRY E. BRANSTAD
Governor