

Senate Study Bill 2059

Bill Text

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1 1 Section 1. Section [524.220](#), subsection 3, Code 1997, is
1 2 amended by striking the subsection.

1 3 Sec. 2. Section [524.912](#), Code 1997, is amended to read as
1 4 follows:

1 5 524.912 CUSTOMER SHALL BE FREE TO OBTAIN OWN INSURANCE AND
1 6 LOAN.

1 7 In any case in which any kind of insurance is required by
1 8 the state bank as a condition for lending money or in
1 9 connection with any other transaction, the customer shall be
1 10 free to obtain such insurance from a source of the customer's
1 11 selection. In the case of a sale of shares of stock, bonds,
1 12 or other securities, or real property by an officer or
1 13 employee, which is authorized by the board of directors of a
1 14 state bank in the manner provided for in

~~subsection 3 of~~

1 15 section 524.710, subsection 1, paragraph "b", the purchaser
1 16 shall be free to obtain

~~any~~

- a loan for the purchase

~~thereof~~

- of

1 17 such stock, bonds, or other securities, or real property from
1 18 a lender of the purchaser's selection.

1 19 Sec. 3. Section [524.1002](#), subsection 5, Code 1997, is
1 20 amended to read as follows:

1 21 5. Unless otherwise authorized by the instrument creating
1 22 the relationship, court order, or the laws of this state, a
1 23 state bank, as fiduciary, shall not, directly or indirectly,
1 24 sell any asset to the state bank for its own account, or to an
1 25 officer, director, or employee, nor purchase from the state
1 26 bank, or an officer, director, or employee, any asset or any
1 27 security issued by the state bank except, in the case of a
1 28 state bank, any of the following:

1 29 a. Investments in which a state bank may invest without
1 30 limitation pursuant to section 524.901, subsection

~~1,~~

- 3.

1 31 b. Assets purchased by the state bank pursuant to an
1 32 agreement whereby the state bank is bound to sell, and the
1 33 state bank as fiduciary is bound to buy, at a date not more
1 34 than one year from the date of acquisition by the state bank,
1 35 such assets at a price agreed upon at the time of acquisition
2 1 by the state bank

~~, or~~

-

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

2 5 Sec. 4. NEW SECTION. 524.1206 IDENTIFICATION OF LEGALLY
2 6 CHARTERED NAME OF BANK REQUIRED USE OF NAME.

2 7 A state or national bank, at its locations in this state,
2 8 shall identify its principal place of business, any bank
2 9 office, or any bank branch in a manner which includes its
2 10 legally chartered name or a reasonable variation of such name.
2 11 The legally chartered name of the state or national bank shall
2 12 be used in all legal documents of such bank.

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

2 15 f. The shares of each party to the merger that are to be
2 16 converted into shares, obligations, or other securities of the
2 17 surviving party or any other corporation or into cash or other
2 18 property are converted, and the former holders of the shares
2 19 are entitled only to the rights provided in the articles of
2 20 merger or to their rights under

~~division XIII of this chapter~~

2 21 section 524.1406.

2 22 Sec. 6. Section [524.1409](#), Code 1997, is amended to read as
2 23 follows:

2 24 524.1409

~~AUTHORITY FOR~~

~~CONVERSION OF NATIONAL BANK OR~~

2 25 FEDERAL SAVINGS ASSOCIATION INTO STATE BANK.

2 26 A national bank

~~may~~

~~or federal savings association, subject~~

2 27 to the provisions of this chapter, may convert into a state
2 28 bank upon authorization by and compliance with the laws of the
2 29 United States, adoption of a plan of conversion by the
2 30 affirmative vote of at least a majority of its directors and
2 31 the holders of two-thirds of each class of its shares at a
2 32 meeting held upon not less than ten days' notice to all
2 33 shareholders, and upon approval of the superintendent.

2 34 Sec. 7. Section [524.1410](#), unnumbered paragraph 1, Code
2 35 1997, is amended to read as follows:

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

3 5 Sec. 8. Section [524.1411](#), unnumbered paragraph 1, Code
3 6 1997, is amended to read as follows:

3 7 The articles of conversion shall be signed by two duly
3 8 authorized officers of the national bank or federal savings
3 9 association and shall contain all of the following:

3 10 Sec. 9. Section [524.1411](#), subsection 1, Code 1997, is
3 11 amended to read as follows:

3 12 1. The name of the national bank or federal savings
3 13 association and the name of the resulting state bank.

3 14 Sec. 10. Section [524.1412](#), unnumbered paragraph 1, Code
3 15 1997, is amended to read as follows:

3 16 Within thirty days after the application for conversion has
3 17 been accepted for processing, the national bank or federal
3 18 savings association shall publish a notice of the delivery of
3 19 the articles of conversion to the superintendent once each
3 20 week for two successive weeks in a newspaper of general
3 21 circulation published in the municipal corporation or
3 22 unincorporated area in which the national bank or federal
3 23 savings association has its principal place of business, or if
3 24 there is none, a newspaper of general circulation published in
3 25 the county, or in a county adjoining the county, in which the
3 26 national bank or federal savings association has its principal
3 27 place of business. The notice shall set forth all of the
3 28 following:

3 29 Sec. 11. Section [524.1412](#), subsection 1, Code 1997, is

3 30 amended to read as follows:

3 31 1. The name of the national bank or federal savings
3 32 association and the name of the resulting state bank.

3 33 Sec. 12. Section 524.1413, Code 1997, is amended to read
3 34 as follows:

3 35 524.1413 APPROVAL OF CONVERSION BY SUPERINTENDENT.

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

4 5

~~1.~~

- a. The articles of conversion and supporting items
4 6 satisfy the requirements of this chapter.

4 7

~~2.~~

- b. The plan adequately protects the interests of
4 8 depositors.

4 9

~~3.~~

- c. The requirements for a conversion under all
4 10 applicable laws have been satisfied and the resulting state
4 11 bank would satisfy the requirements of this chapter applicable
4 12 to it.

4 13

~~4.~~

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

4 15 2. Within ninety days after the application has been
4 16 accepted for processing, the superintendent shall approve or
4 17 disapprove the application on the basis of the investigation.
4 18 As a condition of receiving the decision of the superintendent
4 19 with respect to the application, the national bank or federal
4 20 savings association shall reimburse the superintendent for all
4 21 expenses incurred in connection with the application. The
4 22 superintendent shall give the national bank or federal savings
4 23 association written notice of the decision and, in the event
4 24 of disapproval, a statement of the reasons for the decision.
4 25 If the superintendent approves the application, the
4 26 superintendent shall deliver the articles of conversion, with
4 27 the superintendent's approval indicated on the articles of
4 28 conversion, to the secretary of state. The decision of the
4 29 superintendent shall be subject to judicial review pursuant to
4 30 chapter 17A. Notwithstanding the terms of the Iowa
4 31 administrative procedure Act, chapter 17A, a petition for
4 32 judicial review must be filed within thirty days after the
4 33 superintendent notifies the national bank or federal savings
4 34 association of the superintendent's decision.

4 35 Sec. 13. Section 524.1415, Code 1997, is amended to read
5 1 as follows:

5 2 524.1415 EFFECT OF FILING OF ARTICLES OF CONVERSION WITH
5 3 SECRETARY OF STATE.

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

5 11 2. When a conversion becomes effective, the existence of
5 12 the national bank or federal savings association shall
5 13 continue in the resulting state bank which shall have all the
5 14 property, rights, powers, and duties of the national bank or

5 15 federal savings association, except that the resulting state
5 16 bank shall have only the authority to engage in such business
5 17 and exercise such powers as it would have, and shall be
5 18 subject to the same prohibitions and limitations to which it
5 19 would be subject, upon original incorporation under this
5 20 chapter. The articles of incorporation of the resulting state
5 21 bank shall be the provisions stated in the articles of
5 22 conversion.

5 23 3. No liability of the national bank or federal savings
5 24 association, or of

~~its~~

~~the national bank's or federal savings~~

5 25 association's shareholders, directors, or officers

~~shall be~~

~~is~~
5 26 is affected

~~, nor shall any~~

~~by the conversion.~~ A lien on any

5 27 property of the national bank

~~be~~

~~or federal savings~~

5 28 association is not impaired by the conversion.

~~Any~~

~~A~~ claim

5 29 existing or action pending by or against the national bank or
5 30 federal savings association may be prosecuted to judgment as
5 31 if the conversion had not taken place, or the resulting state
5 32 bank may be substituted in its place.

5 33 4. The title to all real estate and other property owned
5 34 by the converting national bank or federal savings association
5 35 is vested in the resulting state bank without reversion or
6 1 impairment.

6 2 Sec. 14. Section [524.1416](#), Code 1997, is amended to read
6 3 as follows:

6 4 524.1416 AUTHORITY FOR CONVERSION OF STATE BANK INTO
6 5 NATIONAL BANK OR FEDERAL SAVINGS ASSOCIATION.

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

6 24 2. A state bank which converts into a national bank or
6 25 federal savings association shall notify the superintendent of
6 26 the proposed conversion, provide such evidence of the adoption
6 27 of the plan as the superintendent may request, notify the
6 28 superintendent of any abandonment or disapproval of the plan,
6 29 file with the superintendent and with the secretary of state a
6 30 certificate of the approval of the conversion by the
6 31 comptroller of the currency of the United States or director

6 32 of the office of thrift supervision, as applicable, and the
6 33 date upon which such conversion is to become effective.

6 34 Sec. 15. Section [524.1417](#), Code 1997, is amended to read
6 35 as follows:

7 1 524.1417 RIGHTS OF DISSENTING SHAREHOLDER OF CONVERTING
7 2 STATE OR NATIONAL BANK OR FEDERAL SAVINGS ASSOCIATION.

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

7 8 2. If a shareholder of a national bank or federal savings
7 9 association, which converts into a state bank, objects to the
7 10 plan of conversion and complies with the requirements of
7 11 applicable laws of the United States, the resulting state bank
7 12 is liable for the value of the shareholder's shares as
7 13 determined in accordance with such laws of the United States.

7 14 Sec. 16. Section [524.1418](#), Code 1997, is amended to read
7 15 as follows:

7 16 524.1418 SUCCESSION TO FIDUCIARY ACCOUNTS AND APPOINTMENTS
7 17 APPLICATION FOR APPOINTMENT OF NEW FIDUCIARY.

7 18 The provisions of section 524.1009 apply to a resulting
7 19 state or national bank or federal savings association after a
7 20 conversion with the same effect as though the state or
7 21 national bank or federal savings association were a party to a
7 22 plan of merger, and the conversion were a merger, within the
7 23 provisions of that section.

7 24 Sec. 17. Section [524.1601](#), subsection 1, paragraph d, Code
7 25 1997, is amended to read as follows:

7 26 d. The amount of profit, fees or other compensation
7 27 received, upon conviction of a violation of

~~subsection 3 of~~

7 28 section 524.710, subsection 1, paragraph "b".

7 29 EXPLANATION

7 30 This bill amends provisions relating to the operation and
7 31 regulation of banks in this state.

7 32 Code section 524.220 is amended by striking the requirement
7 33 that a state-chartered bank publish its statement of condition
7 34 for the calendar quarters ending June 30 and December 31 in a
7 35 local newspaper.

8 1 Code section 524.912 is amended by correcting an internal
8 2 Code reference and making stylistic changes.

8 3 Code section 524.1002 is amended by correcting an internal
8 4 Code reference and making stylistic changes.

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

8 12 Code section 524.1405 is amended by correcting an internal
8 13 Code reference with respect to dissenting shareholder rights
8 14 when a merger takes place.

8 15 Code sections 524.1409 through 524.1413 and 524.1415
8 16 through 524.1418 are amended to allow for the conversion of a
8 17 federal savings association into a state bank and for the
8 18 conversion of a state bank into a federal savings association.

8 19 Code section 524.1601 is amended by correcting an internal
8 20 Code reference.

8 21 LSB 3305DP 77

8 22 mj/sc/14.1