

Senate Study Bill 1068

Bill Text

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1 1 Section 1. Section [524.544](#), subsection 1, Code 1999, is
1 2 amended to read as follows:
1 3 1. Whenever any person proposes to purchase or otherwise
1 4 acquire directly or indirectly any of the outstanding shares
1 5 of a state bank, and the proposed purchase or acquisition
1 6 would result in control or in a change in control of the bank,
1 7 the person proposing to purchase or acquire the shares shall
1 8 first apply in writing to the superintendent for a certificate
1 9 of approval for the proposed change of control. The
1 10 superintendent shall grant the certificate if the
1 11 superintendent is satisfied that the person who proposes to
1 12 obtain control of the bank is qualified by character,
1 13 experience and financial responsibility to control and operate
1 14 the bank in a sound and legal manner, and that the interests
1 15 of the depositors, creditors and shareholders of the bank, and
1 16 of the public generally, will not be jeopardized by the
1 17 proposed change of control.

~~1 18 If the proposed purchaser or~~

~~1 19 acquirer is a bank holding company as defined by section~~

~~1 20 524.1801, it shall comply with section 524.1804 in lieu of~~

~~1 21 seeking a certificate of approval under this subsection.~~

~~1 22 A~~

~~1 23 person which will become a bank holding company upon~~

~~1 24 completion of an acquisition shall make application to the~~

~~1 25 superintendent for a certificate of approval as provided in~~

~~1 26 this section. Any other bank holding company shall comply~~

~~1 27 with section 524.1804 in lieu of seeking a certificate of~~

~~1 28 approval under this section. In any situation where the~~

~~1 29 president or cashier of a bank has reason to believe any of~~

~~1 30 the foregoing requirements have not been complied with, it~~

~~1 31 shall be the duty of the president or cashier to promptly~~

~~1 32 report in writing such facts to the superintendent upon~~

~~1 33 obtaining knowledge thereof. As used in this section, the~~

~~1 34 term control means the power, directly or indirectly, to elect~~

~~1 35 the board of directors. If there is any doubt as to whether a~~

~~2 1 change in the ownership of the outstanding shares is~~

~~2 2 sufficient to result in control thereof, or to effect a change~~

~~2 3 in the control thereof, such doubt shall be resolved in favor~~

~~2 4 of reporting the facts to the superintendent.~~

2 5 Sec. 2. Section [524.904](#), subsections 2, 4, and 5, Code
2 6 1999, are amended to read as follows:

2 7 2. A state bank may grant loans and extensions of credit
2 8 to one borrower in an amount not to exceed fifteen percent of
2 9 the state bank's aggregate capital as defined in section
2 10 524.103, unless the additional lending provisions described in

2 11

~~subsections 3 and 4 apply~~

- subsection 3 or 4 applies.

2 10 4. A state bank may grant loans and extensions of credit
2 11 to one borrower not to exceed thirty-five percent of the state
2 12 bank's aggregate capital if any amount that exceeds the
2 13 lending limitations described in

~~subsections~~

- subsection 2

~~and~~

- or 3 consists of obligations as endorser of negotiable chattel
2 15 paper negotiated by endorsement with recourse, or as
2 16 unconditional guarantor of nonnegotiable chattel paper, or as
2 17 transferor of chattel paper endorsed without recourse subject
2 18 to a repurchase agreement.

2 19 5. A state bank may grant loans and extensions of credit
2 20 to a corporate group in an amount not to exceed twenty-five
2 21 percent of the state bank's aggregate capital if all loans and
2 22 extensions of credit to any one borrower within a corporate
2 23 group conform to

~~subsections~~

- subsection 2

~~and~~

- or 3, and the

2 24 financial strength, assets, guarantee, or endorsement of any
2 25 one corporate group member is not relied upon as a basis for
2 26 loans and extensions of credit to any other corporate group
2 27 member. A state bank may grant loans and extensions of credit
2 28 to a corporate group in an amount not to exceed thirty-five
2 29 percent of aggregate capital if all loans and extensions of
2 30 credit to any one borrower within a corporate group conform to
2 31

~~subsections~~

- subsection 2, 3,

~~and~~

- or 4, and the financial

2 32 strength, assets, guarantee, or endorsement of any one
2 33 corporate group member is not relied upon as a basis for loans
2 34 and extensions of credit to any other corporate group member.
2 35 A corporate group includes a person and all corporations in
3 1 which the person owns or controls fifty percent or more of the
3 2 shares entitled to vote.

3 3

EXPLANATION

3 4 This bill amends provisions relating to the regulation and
3 5 operation of banks in this state. Code section 524.544 is
3 6 amended to require a person which would become a bank holding
3 7 company upon the acquisition of a state bank to make written
3 8 application to the superintendent for a certificate of
3 9 approval for the proposed acquisition. Currently, such person
3 10 would not have to make such application to the superintendent
3 11 in the same manner as any other person proposing to make an
3 12 acquisition.

3 13 Code section 524.904 is amended to permit additional
3 14 amounts of a loan or extension of credit to one borrower to be
3 15 secured by existing permissible methods.

3 16 LSB 1268DP 78

3 17 mj/gg/8