

Senate File 566 - Introduced

SENATE FILE 566
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SSB 1236)

A BILL FOR

1 An Act relating to banks, making appropriations, providing
2 penalties, and making penalties applicable.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 12.61, subsection 1, paragraph a, Code
2 2021, is amended to read as follows:

3 a. "*Financial institution*" means a state bank as defined in
4 section 524.103, ~~subsection 41~~, a federally chartered state
5 bank having its principal office within this state, a federally
6 chartered credit union having its principal office within this
7 state, a federally chartered savings and loan association
8 having its principal office within the state, a credit union
9 organized under [chapter 533](#), or a trust company organized or
10 incorporated under the laws of this state.

11 Sec. 2. Section 422.61, subsection 1, Code 2021, is amended
12 to read as follows:

13 1. "*Financial institution*" means a state bank as defined in
14 section 524.103, ~~subsection 41~~, a state bank chartered under
15 the laws of any other state, a national banking association,
16 a trust company, a federally chartered savings and loan
17 association, an out-of-state state chartered savings bank, a
18 financial institution chartered by the federal home loan bank
19 board, a non-Iowa chartered savings and loan association, or a
20 production credit association.

21 Sec. 3. Section 453A.8, subsection 6, Code 2021, is amended
22 to read as follows:

23 6. The director may authorize a bank as defined by section
24 524.103, ~~subsection 8~~, to sell stamps. A bank authorized to
25 sell stamps shall comply with all of the requirements governing
26 the sale of stamps by the department. [Section 453A.12](#) shall
27 apply to any bank authorized to sell stamps.

28 Sec. 4. Section 524.102, Code 2021, is amended by adding the
29 following new subsection:

30 NEW SUBSECTION. 10. The opportunity for state banks to
31 adopt, in a manner that is compatible with and subject to the
32 purposes of this chapter, new and emerging technologies that
33 enhance the efficiency and convenience of banking products and
34 services.

35 Sec. 5. Section 524.103, Code 2021, is amended by adding the

1 following new subsections:

2 NEW SUBSECTION. 2A. "*Affiliate*" means the same as defined
3 in section 524.1101.

4 NEW SUBSECTION. 22A. "*Federal savings association*" means a
5 corporation organized under 12 U.S.C. §1464.

6 NEW SUBSECTION. 32A. "*National bank*" means a corporation
7 organized under 12 U.S.C. §21 whose deposits are insured by
8 the federal deposit insurance corporation or whose powers are
9 limited exclusively to the exercise of trust or fiduciary
10 powers.

11 NEW SUBSECTION. 34A. "*Out-of-state bank*" means a
12 corporation, other than a credit union, industrial bank, or
13 trust company, that is authorized by the laws of another state
14 to solicit, receive, or accept money or its equivalent for
15 deposit or to otherwise engage in the business of banking.

16 NEW SUBSECTION. 36A. "*Safe deposit box*" means a safe, lock
17 box, or other secure storage receptacle located on the premises
18 of a bank.

19 Sec. 6. Section 524.103, subsections 6, 8, 10, 12, 13, 16,
20 17, 20, 22, 25, 27, 29, 33, 34, 38, 39, 41, 44, and 48, Code
21 2021, are amended to read as follows:

22 6. "*Articles of incorporation*" means the original, amended,
23 or restated articles of incorporation and all amendments
24 thereto and includes articles of merger. ~~"Articles of~~
25 ~~incorporation"~~ also means the original or restated articles of
26 organization and all amendments including articles of merger if
27 a state bank is organized as a limited liability company under
28 this chapter.

29 8. "*Bank*" means a corporation ~~or limited liability company~~
30 organized under this chapter ~~or 12 U.S.C. §21,~~ a national bank,
31 a federal savings association, or an out-of-state bank.

32 10. "*Board of directors*" means the board of directors of a
33 state bank as provided in section 524.601. ~~For a state bank~~
34 ~~organized as a limited liability company under this chapter,~~
35 ~~"board of directors"~~ means a board of directors or board of

1 ~~managers as designated by the limited liability company in its~~
2 ~~articles of organization or operating agreement.~~

3 12. "*Business of banking*" means engaging in the regular
4 business of soliciting, receiving, or accepting money or its
5 equivalent for deposit, and any other business generally done
6 by banks.

7 13. "*Calculation date*" means the most recent of the
8 following:

9 a. The date the state bank's statement of condition is
10 required to be filed pursuant to [section 524.220, subsection 2.](#)

11 b. The date an event occurs that reduces or increases the
12 state bank's aggregate capital by ten percent or more.

13 c. As the superintendent may direct.

14 16. "*Chief executive officer*" means the person designated by
15 the board of directors to be responsible for the implementation
16 of and adherence to board policies and resolutions by all
17 officers and employees of the state bank.

18 17. a. "*Contractual commitment to advance funds*" means a
19 state bank's obligation to do either of the following:

20 (1) Advance funds under a standby letter of credit or other
21 similar arrangement.

22 (2) Make payment, directly or indirectly, to a third person
23 contingent upon default by a customer of the state bank in
24 performing an obligation and to make such payment in keeping
25 with the agreed upon terms of the customer's contract with
26 a third person, or to make payments upon some other stated
27 condition.

28 b. The term does not include commercial letters of credit
29 and similar instruments where the issuing state bank expects
30 the beneficiary to draw on the issuer, that do not guarantee
31 payment, and that do not provide for payment in the event of a
32 default by a third person.

33 20. "*Director*" means a member of the board of directors
34 ~~and includes a manager of a state bank organized as a limited~~
35 ~~liability company under [this chapter.](#)~~

1 22. *“Executive officer”* means a person who participates or
2 has authority to participate, other than in the capacity of a
3 director ~~or manager~~, in major policymaking functions of a state
4 bank, whether or not the officer has an official title, whether
5 or not such a title designates the officer as an assistant, or
6 whether or not the officer is serving without salary or other
7 compensation. The chief executive officer, chairperson of the
8 board, the president, every vice president, and the cashier
9 of a state bank are deemed to be executive officers, unless
10 such an officer is excluded, by resolution of the board of
11 directors of a state bank or by the bylaws of the state bank,
12 from participation, other than in the capacity of a director,
13 in major policymaking functions of the state bank, and the
14 officer does not actually participate in the major policymaking
15 functions. All officers who serve on a board of directors are
16 deemed to be executive officers, except as provided for in
17 section 524.701, subsection 3.

18 25. *“Insured bank”* means a ~~state~~ bank the deposits of which
19 are insured in accordance with the provisions of the Federal
20 Deposit Insurance Act.

21 27. *“Member”* means a person with a membership interest
22 in a state bank ~~organized as a limited liability company or~~
23 incorporated as a mutual corporation under [this chapter](#).

24 29. *“Membership interest”* means a member’s share of the
25 profits and losses, the right to receive distributions of
26 assets, and any right to vote or participate in management of a
27 ~~state bank organized as a limited liability company under this~~
28 ~~chapter or of~~ a state bank incorporated as a mutual corporation
29 under [this chapter](#).

30 33. *“Officer”* means chief executive officer, executive
31 officer, or any other administrative official of a state bank
32 elected by the state bank’s board of directors to carry out any
33 of the state bank’s operating rules and policies.

34 34. *“Operations subsidiary”* means a wholly owned corporation
35 incorporated and controlled by a state bank that performs

1 functions which the state bank is authorized to perform.

2 38. "Shareholder" means one who is a holder of record of
3 shares in a state bank. ~~If a state bank is organized as a~~
4 ~~limited liability company under this chapter, "shareholder"~~
5 ~~means a member of the limited liability company.~~ If a state
6 bank is incorporated as a mutual corporation under this
7 chapter, "shareholder" means a member of the mutual corporation.

8 39. "Shares" means the units into which the proprietary
9 interests in a state bank incorporated as a stock corporation
10 are divided, ~~including any membership interests of a state bank~~
11 ~~organized as a limited liability company under this chapter.~~

12 41. "State bank" means any bank incorporated pursuant to
13 the provisions of this chapter after January 1, 1970, and any
14 "state bank" incorporated pursuant to the laws of this state and
15 doing business as such on January 1, 1970, ~~or a bank organized~~
16 ~~as a limited liability company or a mutual corporation under~~
17 this chapter.

18 44. "Supervised financial organization" as defined and used
19 in the Iowa consumer credit code, chapter 537, includes a
20 ~~person~~ state bank organized pursuant to this chapter.

21 48. "Unincorporated area" means ~~a village within which an~~
22 area where a state bank or national bank has its principal
23 place of business that is not within a municipal corporation.

24 Sec. 7. Section 524.103, subsection 26, Code 2021, is
25 amended by striking the subsection.

26 Sec. 8. Section 524.105, subsection 2, Code 2021, is amended
27 to read as follows:

28 2. All state banks are subject to the provisions and
29 requirements of this chapter in every particular, and all
30 national banks out-of-state banks, and federal savings
31 associations, now or hereafter doing business in this state,
32 are subject to the provisions of this chapter, to the extent
33 applicable, from July 1, ~~1995~~ 2021.

34 Sec. 9. Section 524.107, subsections 1 and 2, Code 2021, are
35 amended to read as follows:

1 1. A person, other than a state bank which is subject to
2 the provisions of this chapter, an out-of-state bank, and
3 a national bank or federal savings association authorized
4 by the laws of the United States to engage in the business
5 of receiving money for deposit, and except as provided in
6 subsection 2, shall not engage in this state in the business
7 of receiving money for deposit, transact the business of
8 banking, or establish in this state a place of business for
9 such purpose.

10 2. A person doing business in this state shall not use
11 the words "bank" ~~or "trust"~~ or use any derivative, plural,
12 or compound of the words "bank", "banking", or "bankers", ~~or~~
13 ~~"trust"~~ in any manner which would tend to create the impression
14 that the person is authorized to engage in the business of
15 banking or to act in a fiduciary capacity, except a state
16 bank authorized to do so by this chapter or a an out-of-state
17 bank authorized to do so by the laws of another state, a
18 national bank to the extent permitted by the laws of the
19 United States, a bank holding company as defined in section
20 524.1801, a savings and loan holding company as defined in 12
21 U.S.C. §1467a, or a federal savings association to the extent
22 permitted by the laws of the United States, ~~or, insofar as the~~
23 ~~word "trust" is concerned, an individual permissibly serving~~
24 ~~as a fiduciary in this state, pursuant to section 633.63,~~
25 ~~or, insofar as the words "trust" and "bank" are concerned,~~
26 ~~a nonresident corporate fiduciary permissibly serving as a~~
27 ~~fiduciary in this state pursuant to section 633.64.~~

28 Sec. 10. Section 524.109, subsection 1, Code 2021, is
29 amended to read as follows:

30 1. A state bank may be organized under this chapter as a
31 bankers' bank. The bankers' bank is subject to all rights,
32 privileges, duties, restrictions, penalties, liabilities,
33 conditions and limitations applicable to a state bank
34 generally, except as limited in the definition of bankers'
35 bank contained in section 524.103, ~~subsection 9~~. However, a

1 bankers' bank shall have the same powers as those granted by
2 federal law and regulation to a national bank organized as a
3 bankers' bank under 12 U.S.C. §27.

4 Sec. 11. Section 524.203, Code 2021, is amended to read as
5 follows:

6 **524.203 Superintendent — vacancy.**

7 If the office of the superintendent of banking is vacant
8 or the superintendent is unable to serve, the chief of the
9 bank bureau of the banking division shall be the acting
10 superintendent until the governor appoints a new superintendent
11 or acting superintendent. If the chief of the bank bureau is
12 unable to serve, the chief examiner of the finance bank bureau
13 of the banking division shall be the acting superintendent
14 until the governor appoints a new superintendent or acting
15 superintendent. If both the chief of the bank bureau and
16 the chief examiner of the finance bank bureau are unable to
17 serve, the chief of the ~~professional licensing and regulation~~
18 finance bureau of the banking division shall be the acting
19 superintendent until the governor appoints a new superintendent
20 or acting superintendent.

21 Sec. 12. Section 524.207, subsections 2 and 6, Code 2021,
22 are amended to read as follows:

23 2. All fees and assessments generated as the result of
24 a ~~federally chartered~~ national bank or federal savings and
25 ~~loan~~ association converting to a ~~state-chartered~~ state bank
26 on or after December 31, 2015, and thereafter, are payable
27 to the superintendent. The superintendent shall pay all the
28 fees and assessments received by the superintendent pursuant
29 to **this subsection** to the treasurer of state within the time
30 required by **section 12.10** and the fees and assessments shall
31 be deposited into the department of commerce revolving fund
32 created in **section 546.12**. An amount equal to such fees
33 and assessments deposited into the department of commerce
34 revolving fund is appropriated from the department of commerce
35 revolving fund to the banking division of the department of

1 commerce for the fiscal year in which a ~~federally chartered~~
2 national bank or federal savings and ~~loan~~ association converted
3 to a ~~state-chartered~~ state bank and an amount equal to such
4 annualized fees and assessments deposited into the department
5 of commerce revolving fund in succeeding years is appropriated
6 from the department of commerce revolving fund to the banking
7 division of the department of commerce for succeeding fiscal
8 years for purposes related to the discharge of the duties and
9 responsibilities imposed upon the banking division of the
10 department of commerce, the superintendent, and the state
11 banking council by the laws of this state. This appropriation
12 shall be in addition to the appropriation of moneys otherwise
13 described in [this section](#). If a ~~state-chartered~~ state
14 bank converts to a ~~federally chartered~~ national bank or
15 federal savings and ~~loan~~ association, any appropriation made
16 pursuant to [this subsection](#) for the following fiscal year
17 shall be reduced by the amount of the assessment paid by the
18 ~~state-chartered~~ state bank during the fiscal year in which the
19 ~~state-chartered~~ state bank converted to a ~~federally chartered~~
20 national bank or federal savings and ~~loan~~ association.

21 6. All moneys received by the superintendent pursuant
22 to a multi-state settlement with a provider of financial
23 services such as a mortgage lender, a mortgage servicer, or
24 any other person regulated by the banking division of the
25 department of commerce shall be deposited into the department
26 of commerce revolving fund created in [section 546.12](#) and
27 an amount equal to the amount deposited into the fund is
28 appropriated to the banking division of the department of
29 commerce for the fiscal year in which such moneys are received
30 and in succeeding fiscal years for the purpose of promoting
31 financial-related education and supporting those duties of
32 the banking division related to financial regulation that are
33 limited to nonrecurring expenses such as equipment purchases,
34 training, technology, and retirement payouts related to the
35 oversight of mortgage lending, ~~state-chartered~~ state banks, and

1 other financial services regulated by the banking division.
2 This appropriation shall be in addition to the appropriation of
3 moneys otherwise described in [this section](#). The superintendent
4 shall submit a report to the department of management and to
5 the legislative services agency detailing the expenditure
6 of moneys appropriated to the banking division pursuant to
7 this subsection during each fiscal year. The initial report
8 shall be submitted on or before September 15, 2016, and each
9 September 15 thereafter. Moneys appropriated pursuant to
10 this subsection are not subject to [section 8.33](#) and shall not
11 be transferred, used, obligated, appropriated, or otherwise
12 encumbered except as provided in [this subsection](#).

13 Sec. 13. Section 524.208, Code 2021, is amended to read as
14 follows:

15 **524.208 Examiners and other employees.**

16 The superintendent may appoint examiners and other
17 employees, including for the banking division's internal
18 information technology group, as the superintendent deems
19 necessary to the proper discharge of the duties imposed upon
20 the superintendent by the laws of this state. Pay plans shall
21 be established for employees, other than clerical employees or
22 employees of the professional licensing and regulation bureau
23 of the banking division, who examine the accounts and affairs
24 of state banks and who examine the accounts and affairs of
25 other persons, subject to supervision and regulation by the
26 superintendent, which are substantially equivalent to those
27 paid by the federal deposit insurance corporation and other
28 federal supervisory agencies in this area of the United States.

29 Sec. 14. Section 524.211, subsection 1, Code 2021, is
30 amended to read as follows:

31 1. The superintendent, general counsel, examiners, and
32 other employees assigned to the bank bureau of the banking
33 division are prohibited from obtaining a loan of money or
34 property from a ~~state-chartered~~ state bank, or any person
35 or entity affiliated with a ~~state-chartered~~ state bank,

1 unless they do not personally participate in the examination,
2 oversight, or official review concerning the regulation of the
3 state bank.

4 Sec. 15. Section 524.211, Code 2021, is amended by adding
5 the following new subsection:

6 NEW SUBSECTION. 8. The superintendent shall not
7 participate in the examination, oversight, or official review
8 concerning the regulation of any state bank or any other
9 enterprise, person, or affiliate subject to the regulatory
10 purview of the banking division of which the superintendent
11 is a shareholder, member, partner, owner, director, officer,
12 or employee. The superintendent shall recuse themselves from
13 participation in any such examination, oversight, or official
14 review and the state banking council shall designate a member
15 who satisfies the qualifications identified in section 524.201,
16 subsection 1, and who is not a shareholder, member, partner,
17 owner, director, officer, or employee of the regulated entity
18 to act in place of the superintendent.

19 Sec. 16. Section 524.212, subsection 1, Code 2021, is
20 amended to read as follows:

21 1. The superintendent, members of the state banking
22 council, general counsel, examiners, or other employees of the
23 banking division shall not disclose, in any manner, to any
24 person other than the person examined and those regulatory
25 agencies referred to in [section 524.217, subsection 2](#), any
26 information relating specifically to the supervision and
27 regulation of any state bank, persons subject to the provisions
28 of [chapter 533A, 533C, 533D, 535B, 535D, 536, or 536A](#), any
29 affiliate of any state bank, or an affiliate of a person
30 subject to the provisions of [chapter 533A, 533C, 536, or](#)
31 [536A](#), except when ordered to do so by a court of competent
32 jurisdiction and then only in those instances referred to in
33 section 524.215, subsection 2, paragraphs "a", "b", "c", "e",
34 and "f".

35 Sec. 17. Section 524.217, subsection 6, Code 2021, is

1 amended to read as follows:

2 6. The superintendent may enter into contractual agreements
3 with other state regulators of financial institutions to share
4 examiners or to assist in each state's respective examinations
5 or other supervisory activities. A contractual agreement
6 pursuant to this section may provide for reimbursement to the
7 state providing assistance. The division of banking shall be
8 reimbursed for any costs incurred when providing services to
9 other states pursuant to **this subsection**. Any division of
10 banking personnel assisting another state with its ~~examination~~
11 examinations or other supervisory activities shall be covered
12 by the provisions of the other state's tort claims act, to the
13 extent permitted by the laws of the other state. If the law
14 of the other state does not extend coverage to the division
15 of banking personnel working on the other state's ~~examination~~
16 examinations or other supervisory activities, the provisions of
17 chapter 669 shall apply.

18 Sec. 18. Section 524.218, Code 2021, is amended by striking
19 the section and inserting in lieu thereof the following:

20 **524.218 Regulation and examination of service providers.**

21 1. Whenever a state bank, or any subsidiary or affiliate
22 of a state bank that is subject to examination by the
23 superintendent, causes to be performed for itself, by contract
24 or otherwise, a covered service, such performance shall be
25 subject to regulation and examination by the superintendent to
26 the same extent as if the covered service was being performed
27 by the state bank itself.

28 2. For purposes of this section, "*covered service*" means and
29 includes all of the following:

30 a. Data processing services.

31 b. Activities that support financial services, including
32 but not limited to lending, funds transfer, payment processing,
33 fiduciary activities, trading activities, and deposit taking.

34 c. Internet-related services, including but not limited to
35 web services and electronic bill payments, mobile applications,

1 system and software development and maintenance, and security
2 monitoring.

3 *d.* Activities related to the business of banking.

4 3. The superintendent may, in the superintendent's
5 discretion, accept examinations authorized or required to
6 be conducted by this section, which are made by other state
7 or federal financial regulatory agencies listed in section
8 534.217, subsection 2, in lieu of any examination authorized or
9 required under the laws of this state.

10 Sec. 19. Section 524.220, subsection 1, Code 2021, is
11 amended to read as follows:

12 1. A state bank shall, upon request, render a full, clear,
13 and accurate statement of its condition to the superintendent,
14 in a format prescribed by the superintendent, verified by the
15 oath of two of its officers, and attested by at least two of
16 the directors. The superintendent may, in the superintendent's
17 discretion, use any form of statement of condition that is used
18 by the federal deposit insurance corporation or the federal
19 reserve system, and the superintendent may rely on a statement
20 of condition a state bank submits to the federal deposit
21 insurance corporation or the federal reserve system.

22 Sec. 20. Section 524.221, subsection 3, Code 2021, is
23 amended to read as follows:

24 3. The provisions of **this section**, insofar as applicable,
25 shall apply to the records of a national bank, or a federally
26 ~~chartered savings bank or a federally chartered~~ federal savings
27 ~~and loan association, or an out-of-state bank.~~

28 Sec. 21. Section 524.223, Code 2021, is amended to read as
29 follows:

30 **524.223 Power of superintendent to issue orders.**

31 1. Whenever it shall appear to the superintendent that a
32 state bank, or any director, officer, employee, or substantial
33 shareholder of the state bank, is engaging or has engaged,
34 or the superintendent has reasonable cause to believe that
35 the state bank, director, officer, employee, or substantial

1 shareholder is about to engage, in an unsafe or unsound
2 practice in conducting the business of such state bank, or is
3 violating or has violated, or the superintendent has reasonable
4 cause to believe that the state bank, director, officer,
5 employee, or substantial shareholder is about to violate, any
6 provision of [this chapter](#) or of any regulation adopted pursuant
7 to [this chapter](#), or any condition imposed in writing by the
8 superintendent in connection with the approval of any matter
9 required by [this chapter](#), or any written agreement entered into
10 with the superintendent, or any provision of [chapter 12C](#) or
11 any rules adopted pursuant to [chapter 12C](#), the superintendent
12 may issue and serve upon the state bank, director, officer,
13 employee, or substantial shareholder a notice containing a
14 statement of the facts constituting the alleged violation or
15 violations, or the unsafe or unsound practice or practices,
16 and fixing a time and place at which a hearing will be held to
17 determine whether an order to cease and desist should be issued
18 to the state bank, director, officer, employee, or substantial
19 shareholder.

20 2. If the state bank, director, officer, employee, or
21 substantial shareholder fails to appear at the hearing it shall
22 be deemed to have consented to the issuance of a cease and
23 desist order. In the event of such consent, or if upon the
24 record made at such hearing, the superintendent shall find
25 that any violation or unsafe or unsound practice specified in
26 the notice has been established, the superintendent may issue
27 and serve upon the state bank, director, officer, employee,
28 or substantial shareholder an order to cease and desist from
29 any such violation or practice. Such order may require the
30 state bank and its directors, officers, and employees, and
31 shareholders to cease and desist from any such violation or
32 practice and, further, to take affirmative action to correct
33 the conditions resulting from any such violation or practice.
34 In addition, if the violation or practice involves a failure
35 to comply with [chapter 12C](#) or any rules adopted pursuant to

1 chapter 12C, the superintendent may recommend to the committee
2 established under [section 12C.6](#) that the bank be removed from
3 the list of financial institutions eligible to accept public
4 funds under [section 12C.6A](#) and may require that during the
5 current calendar quarter and up to the next succeeding eight
6 calendar quarters that the bank do any one or more of the
7 following:

8 *a.* Not accept public funds deposits.

9 *b.* Return to the depositors some or all uninsured public
10 funds held in demand deposits and, when deposit instruments
11 or agreements mature, return to the depositors some or
12 all deposits representing proceeds of such instruments or
13 agreements.

14 *c.* Pledge collateral to the treasurer of state having a
15 value at all times up to one hundred ten percent of the public
16 funds held by the bank.

17 *d.* Comply with such other requirements as the superintendent
18 may impose.

19 3. Any order issued pursuant to [this section](#) shall become
20 effective upon service of the order on the state bank,
21 director, officer, employee, or substantial shareholder
22 and shall remain effective except to such extent that it is
23 stayed, modified, terminated, or set aside by action of the
24 superintendent or of the district court of ~~the Polk county in~~
25 ~~which the state bank has its principal place of business.~~

26 4. The superintendent may apply to the district court of
27 ~~the Polk county in which the state bank has its principal place~~
28 ~~of business~~ for the enforcement of any order pursuant to this
29 section and such court shall have jurisdiction and power to
30 order and require compliance.

31 5. For purposes of this section, "substantial shareholder"
32 means a shareholder exercising a controlling influence over the
33 management or policies of a state bank as determined by the
34 superintendent.

35 Sec. 22. Section 524.224, Code 2021, is amended to read as

1 follows:

2 **524.224** ~~Grounds for management of state bank by~~
3 ~~superintendent order to cease business — appointment of~~
4 ~~receiver.~~

5 1. The superintendent may ~~take over the management of the~~
6 ~~property and business of,~~ without prior notice or hearings,
7 order a state bank to cease to carry on its business whenever
8 ~~it appears to the superintendent determines~~ that:

9 a. The state bank has violated its articles of incorporation
10 or any law of this state.

11 b. The capital of the state bank is impaired.

12 c. The state bank is conducting its business in an unsafe
13 or unsound manner.

14 d. The state bank is insolvent or is otherwise in such
15 condition that it is unsound, unsafe or inexpedient for it to
16 transact business.

17 e. The state bank has suspended or refused payment of its
18 deposits or other liabilities contrary to the terms thereof,
19 or the superintendent determines the state bank is unlikely to
20 be able to pay its deposits or other liabilities in the near
21 future.

22 f. The state bank refuses to make its records available
23 to the superintendent for examination or otherwise refuses to
24 make available, through an officer or employee having knowledge
25 thereof, information required by the superintendent for the
26 proper discharge of the duties of the superintendent's office.

27 g. The state bank neglects or refuses to observe any order
28 of the superintendent made pursuant to the provisions of this
29 chapter, unless the enforcement of such order is stayed in a
30 proceeding brought by the state bank.

31 h. The state bank has not transacted any business or
32 performed any of the duties, contemplated by its authorization
33 to do business, for a period of ~~one year~~ thirty days.

34 ~~i. The state bank has failed to renew its corporate~~
35 ~~existence in the manner provided for in~~ section 524.314 ~~within~~

1 ~~one hundred eighty days prior to the expiration thereof.~~

2 2. ~~The superintendent shall thereafter manage the~~
3 ~~property and business of the state bank until such time~~
4 ~~as the superintendent may relinquish to the state bank the~~
5 ~~management thereof, upon such conditions as the superintendent~~
6 ~~may prescribe, or until its affairs be finally dissolved as~~
7 ~~provided in this chapter~~ Upon ordering a state bank to cease
8 to carry on its business, the superintendent shall immediately
9 appoint the federal deposit insurance corporation as receiver
10 pursuant to section 524.1310.

11 Sec. 23. Section 524.225, Code 2021, is amended to read as
12 follows:

13 **524.225 Procedures — judicial review.**

14 Judicial review of the actions of the superintendent may be
15 sought in accordance with chapter 17A. However, contested case
16 provisions of chapter 17A, the Iowa administrative procedure
17 Act, do not apply to an action by the superintendent to ~~take~~
18 ~~over the management of or to manage~~ order a state bank to
19 cease to carry on its business and to appoint a receiver, as
20 authorized by sections section 524.224 and 524.226.

21 Sec. 24. Section 524.228, Code 2021, is amended to read as
22 follows:

23 **524.228 Interim Emergency cease and desist order — final**
24 **order — suspension.**

25 1. If it appears to the superintendent that a state bank,
26 or any director, officer, employee, or substantial shareholder
27 of the state bank is engaging in or is about to engage in an
28 unsafe or unsound practice or dishonest act in conducting the
29 business of the state bank that is likely to cause insolvency
30 or substantial dissipation of assets or earnings of the state
31 bank, or is likely to seriously weaken the condition of the
32 state bank or otherwise seriously prejudice the interests of
33 its depositors prior to the completion of the proceedings
34 conducted pursuant to section 524.223, 524.606, subsection
35 2, or 524.707, subsection 2, the superintendent may issue an

1 interim emergency order requiring the state bank, director,
2 officer, employee, or substantial shareholder to cease and
3 desist from any such practice or act, and to take affirmative
4 action, including suspension of the director, officer, or
5 employee to prevent such insolvency, dissipation, condition, or
6 prejudice pending completion of the proceedings. The interim
7 emergency order becomes effective upon service upon the state
8 bank, or upon the director, officer, employee, or substantial
9 shareholder of the state bank and, unless set aside, limited,
10 or suspended by a court as provided in this chapter, remains
11 effective and enforceable pending the completion of the
12 administrative proceedings pursuant to the interim emergency
13 order and until such time as the superintendent dismisses the
14 charges specified in the interim emergency order, or, if a
15 final cease and desist order is issued against the state bank
16 or the director, officer, employee, or substantial shareholder
17 until the effective date of the final order.

18 2. Within ten days after the state bank concerned or any
19 director, officer, employee, or substantial shareholder is
20 served with an interim emergency order, the state bank or such
21 director, officer, employee, or substantial shareholder may
22 apply to the district court ~~in the~~ of Polk county ~~in which the~~
23 ~~bank has its principal place of business,~~ for an injunction
24 setting aside, limiting, or suspending the enforcement,
25 operation, or effectiveness of such interim emergency order
26 pending the completion of the administrative proceedings. If
27 serious prejudice to the interests of the superintendent, the
28 state bank, the officer, director, employee, or substantial
29 shareholder would result from such hearing, the court may order
30 the judicial proceeding to be conducted in camera.

31 3. The interim emergency order shall contain a concise
32 statement of the facts constituting the alleged unsafe or
33 unsound practice or alleged dishonest act, and shall fix a time
34 and place at which a hearing will be held to determine whether
35 a final order to cease and desist should issue against the

1 state bank or any director, officer, employee, or substantial
2 shareholder. The hearing shall be fixed for a date not later
3 than thirty days after service of the ~~interim~~ emergency order
4 unless a later date is set at the request of the party so
5 served. If the state bank, or the director, officer, employee,
6 or substantial shareholder fails to appear at the hearing, the
7 state bank, or the director, officer, employee, or substantial
8 shareholder is deemed to have consented to the issuance of a
9 cease and desist order. In the event of such consent, or if
10 upon the record made at the hearing the superintendent finds
11 that any unsafe or unsound practice or dishonest act specified
12 in the ~~interim~~ emergency order has been established, the
13 superintendent may issue and serve upon the state bank, or the
14 director, officer, employee, or substantial shareholder a final
15 order to cease and desist from any such practice or act. The
16 order may require the state bank, or the director, officer,
17 employee, or substantial shareholder to cease and desist from
18 any such practice or act and, further, to take affirmative
19 action, including suspension of the director, officer, or
20 employee.

21 4. A hearing provided for in [this section](#) shall be presided
22 over by an administrative law judge appointed in accordance
23 with [section 17A.11](#). The hearing shall be private, unless
24 the superintendent determines after full consideration of
25 the views of the party afforded the hearing, that a public
26 hearing is necessary to protect the public interest. After
27 the hearing, and within thirty days after the case has been
28 submitted for decision, the superintendent shall review the
29 proposed order of the administrative law judge and render a
30 final decision, including findings of fact upon which the
31 decision is predicated, and issue and serve upon each party to
32 the proceeding an order consistent with [this section](#).

33 5. Any final order issued by the superintendent pursuant to
34 subsection 3 becomes effective upon service of the final order
35 on the state bank, director, officer, employee, or substantial

1 shareholder and shall remain effective except to the extent
2 that it is stayed, modified, terminated, or set aside by action
3 of the superintendent or of the district court of ~~the Polk~~
4 ~~county in which the state bank has its principal place of~~
5 ~~business~~ in accordance with the terms of **chapter 17A**.

6 6. In the case of violation or threatened violation of, or
7 failure to obey, an interim emergency order issued pursuant to
8 subsection 1 or a final order issued pursuant to subsection
9 3, the superintendent may apply to the district court of ~~the~~
10 Polk ~~county in which the state bank has its principal place of~~
11 ~~business~~ for the enforcement of the order and such court shall
12 have jurisdiction and power to order and require compliance
13 with the interim emergency order or final order.

14 7. For purposes of **this section**, "*substantial shareholder*"
15 means a shareholder exercising a controlling influence over the
16 management or policies of a state bank as determined by the
17 superintendent.

18 Sec. 25. NEW SECTION. **524.230 Superintendent authority —**
19 **supervision of state bank.**

20 1. The superintendent may, by order and without prior
21 notice, appoint a supervisor for a state bank if the
22 superintendent determines that the state bank is in a
23 troubled condition and an order of supervision is necessary to
24 protect the best interests of the state bank, its depositors,
25 creditors, shareholders, or the public.

26 2. A state bank that is under an order of supervision
27 shall not, without the prior approval of the superintendent
28 or the supervisor, unless otherwise permitted by the order of
29 supervision, do any of the following:

- 30 *a.* Dispose of, sell, transfer, convey, or encumber the state
31 bank's assets.
32 *b.* Lend or invest the state bank's money.
33 *c.* Incur a debt, liability, or obligation.
34 *d.* Pay a cash dividend.
35 *e.* Remove an executive officer or director, effect any

1 change in the positions of executive officer or director, or
2 change the number of executive officers or directors.

3 3. The superintendent may serve as supervisor of a state
4 bank or may appoint as supervisor any person, including an
5 employee of the banking division, who the superintendent
6 determines is qualified for the position.

7 4. The superintendent, during the period of supervision
8 of the state bank, may require reimbursement by the state
9 bank to the extent of the reasonable expenses attributable to
10 the service of a supervisor, including costs incurred by the
11 division of banking and expenses of the supervisor and any
12 professional employees appointed to assist or represent the
13 supervisor.

14 5. A supervisor appointed pursuant to this section shall
15 serve until the date specified in the order of supervision or
16 the date when the superintendent determines that the conditions
17 necessary to terminate the order have been satisfied, whichever
18 is earlier. The superintendent may terminate an order of
19 supervision at any time.

20 6. When a state bank has adequately addressed the
21 conditions that necessitated the order of supervision, the
22 superintendent shall return the state bank to its former or
23 new management under conditions reasonable and necessary to
24 prevent a recurrence of the conditions that caused the order
25 of supervision.

26 7. The superintendent, at any time during the period of
27 supervision of a state bank, may order the state bank to cease
28 to carry on its business in accordance with the provisions of
29 section 524.224. Notwithstanding any other provision of law
30 to the contrary, the banking division, the superintendent, the
31 examiners, and all other employees of the banking division
32 shall not be liable to any person if a state bank subject to a
33 supervision order pursuant to this section ceases to carry on
34 the business of banking pursuant to section 524.224 or closes
35 or fails pursuant to any applicable provision of federal law.

1 Sec. 26. Section 524.301, Code 2021, is amended to read as
2 follows:

3 **524.301 Incorporators — organizers.**

4 A state bank may be incorporated ~~or organized as a limited~~
5 ~~liability company~~ under **this chapter** by one or more individuals
6 eighteen years of age or older, a majority of whom shall be
7 residents of this state and citizens of the United States.

8 Sec. 27. Section 524.302, subsection 1, unnumbered
9 paragraph 1, Code 2021, is amended to read as follows:

10 The articles of incorporation of a state bank, in the form
11 prescribed by the superintendent, ~~shall~~ must set forth all of
12 the following:

13 Sec. 28. Section 524.302, subsection 1, paragraph b, Code
14 2021, is amended to read as follows:

15 **b.** The ~~location~~ physical address of its proposed principal
16 place of business including the name of the municipal
17 corporation, if any, and county.

18 Sec. 29. Section 524.303, subsection 2, Code 2021, is
19 amended to read as follows:

20 2. Applicable fees, payable to the secretary of state as
21 specified in **section 489.117** or **section 490.122**, for the filing
22 ~~and recording~~ of the articles of incorporation.

23 Sec. 30. Section 524.304, subsection 1, unnumbered
24 paragraph 1, Code 2021, is amended to read as follows:

25 The incorporators or organizers of a state bank shall,
26 within thirty days of the acceptance of the application for
27 processing, publish notice of the proposed incorporation or
28 organization ~~once each week for two successive weeks~~ in a
29 newspaper of general circulation published in the municipal
30 corporation which is proposed as the principal place of
31 business of the state bank, or if there is none, a newspaper
32 of general circulation published in the county, or in a county
33 adjoining the county, in which the proposed state bank is to
34 have its principal place of business. The notice shall set
35 forth all of the following:

1 Sec. 31. Section 524.305, subsection 1, paragraph b, Code
2 2021, is amended to read as follows:

3 **b.** The convenience and needs of the public will be served
4 by the proposed state bank, including by accepting deposits
5 from, lending money in, and processing payments in the area the
6 proposed state bank will primarily serve.

7 Sec. 32. Section 524.305, subsections 3 and 4, Code 2021,
8 are amended to read as follows:

9 3. Within thirty days after the date of the ~~second~~
10 publication of the notice required under [section 524.304](#), any
11 interested person may submit written comments and information
12 to the superintendent concerning the application. Comments
13 challenging the legality of an application must be submitted
14 separately in writing. The superintendent may extend
15 the thirty-day comment period, if, in the judgment of the
16 superintendent, extenuating circumstances which justify the
17 extension exist.

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

33 Sec. 33. Section 524.306, Code 2021, is amended to read as
34 follows:

35 **524.306 Incorporation or organization of state bank.**

1 1. Unless a delayed effective date or time is specified, the
2 corporate or organizational existence of a state bank begins
3 when the articles of incorporation, with the superintendent's
4 approval indicated on the articles of incorporation, are filed
5 with the secretary of state. ~~The secretary of state shall~~
6 ~~record the articles of incorporation and forward a copy of them~~
7 ~~to the county recorder of the county in which the state bank is~~
8 ~~to have its principal place of business.~~

9 2. The secretary of state's ~~acknowledgment of~~ filing of
10 the articles of incorporation is conclusive proof that the
11 incorporators or organizers satisfied all conditions precedent
12 to incorporation or organization, except in a proceeding
13 instituted by the superintendent to cancel or revoke the
14 incorporation or involuntarily dissolve the corporation or
15 organization.

16 Sec. 34. Section 524.307, Code 2021, is amended to read as
17 follows:

18 **524.307 Initial organization of state bank.**

19 Upon incorporation, ~~or organization as a limited liability~~
20 ~~company,~~ of the state bank, the initial board of directors
21 shall hold an organizational meeting within this state, at
22 the call of a majority of the directors, to complete the
23 organization of the state bank by electing officers, adopting
24 bylaws, if any are to be adopted, and conducting any other
25 business properly brought before the board at the meeting.

26 Sec. 35. Section 524.310, subsection 2, Code 2021, is
27 amended to read as follows:

28 2. The provisions of **this section** shall not require any
29 state bank existing and operating on January 1, 1970, to add
30 to, modify or otherwise change its corporate or organizational
31 name, either on January 1, 1970, or ~~upon renewal of its~~
32 ~~corporate existence pursuant to section 524.314~~ at any time
33 thereafter.

34 Sec. 36. Section 524.312, Code 2021, is amended to read as
35 follows:

1 **524.312 Location of state bank — exceptions.**

2 1. A state bank originally incorporated or organized
3 pursuant to **this chapter** shall have its principal place of
4 business within the ~~city limits of a municipal corporation.~~
5 ~~The existence of a state bank shall not, however, be affected~~
6 ~~by the subsequent discontinuance of the municipal corporation.~~
7 ~~A state bank existing and operating on January 1, 1970, which~~
8 ~~does not have its principal place of business within the city~~
9 ~~limits of a municipal corporation, may renew its corporate~~
10 ~~or organizational existence pursuant to section 524.314~~
11 ~~without regard to **this section** and may also operate as a bank~~
12 ~~or convert to and operate as a bank office when acquired~~
13 ~~by or merged into another state bank and approved by the~~
14 ~~superintendent state of Iowa.~~

15 2. A state bank may, with the prior written approval of the
16 superintendent, change the location of its principal place of
17 business to a new location within the state.

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

1 ~~in a newspaper of general circulation in the county, or in a~~
2 ~~county adjoining the county, in which the municipal corporation~~
3 ~~is located. The notice shall be published within thirty days~~
4 ~~after the application to the superintendent for approval~~
5 ~~of the change in location is accepted for processing. The~~
6 ~~notice shall set forth the name of the state bank, the present~~
7 ~~location of its principal place of business, the location to~~
8 ~~which it proposes to move its principal place of business, and~~
9 ~~the date upon which the application was accepted for processing~~
10 ~~by the superintendent.~~

11 4. Within thirty days after acceptance of an application
12 for approval of a change of location of the principal place
13 of business of a state bank pursuant to [subsection 3](#), the
14 superintendent shall commence an investigation into the
15 circumstances of the application as deemed necessary by
16 the superintendent, giving due consideration to factors
17 substantially similar to those set forth in section 524.305,
18 subsection 1, paragraphs "c" through "f". Within ~~one hundred~~
19 eighty ninety days after the application has been accepted for
20 processing, the superintendent shall approve or disapprove
21 the application on the basis of the investigation. The
22 superintendent shall give written notice of the decision to the
23 state bank, and in the event of disapproval a statement of the
24 reasons for the disapproval. If the superintendent approves
25 the change in location the superintendent shall deliver
26 the articles of amendment to the secretary of state. As a
27 condition of receiving the decision of the superintendent with
28 respect to the application, the state bank shall reimburse the
29 superintendent for all expenses incurred by the superintendent
30 in connection with the application.

31 5. A state bank approved under the provisions of section
32 524.305, subsection 8, shall not commence its business at
33 any location other than ~~within a municipal corporation or~~
34 ~~unincorporated area in which was located~~ the principal place of
35 business or an office of the state bank the condition of which

1 was the basis for the superintendent authorizing incorporation
2 or organization of the new state bank.

3 Sec. 37. Section 524.313, Code 2021, is amended to read as
4 follows:

5 **524.313 Bylaws.**

6 A state bank may adopt bylaws. The power to adopt, amend,
7 or repeal bylaws or adopt new bylaws is vested in the board of
8 directors unless reserved to the shareholders by the articles
9 of incorporation. The bylaws of a state bank may contain any
10 provisions for the regulation and management of the affairs
11 of the state bank not inconsistent with law or the articles
12 of incorporation. ~~For a state bank organized as a limited~~
13 ~~liability company under this chapter, "bylaws" means the~~
14 ~~operating agreement of the state bank.~~

15 Sec. 38. Section 524.521, Code 2021, is amended to read as
16 follows:

17 **524.521 Authorized shares.**

18 1. The articles of incorporation of a state bank
19 incorporated as a stock corporation must prescribe the classes
20 of shares and series of shares within a class and the number
21 of shares of each class that the state bank is authorized
22 to issue. If more than one class or series of shares is
23 authorized, the articles of incorporation must prescribe a
24 distinguishing designation for each class or series, and before
25 the issuance of shares of a class or series, describe the
26 terms, including the preferences, rights, and limitations of
27 that class or series. ~~Prior to the issuance of shares of a~~
28 ~~class, the preferences, limitations, and relative rights of~~
29 ~~that class must be described in the articles of incorporation.~~
30 ~~All~~ Except to the extent otherwise permitted by section
31 524.522, all shares of a class or series must have terms,
32 including preferences, rights, and limitations, and relative
33 rights identical with those of other shares of the same class
34 except to the extent otherwise permitted by ~~section 524.523~~ or
35 series.

1 2. The articles of incorporation of a state bank
2 incorporated as a stock corporation must authorize both of the
3 following:

4 *a.* One or more classes or series of shares that together
5 have ~~unlimited~~ full voting rights.

6 *b.* One or more classes or series of shares, which may be the
7 same class, ~~or~~ classes, or series as those with voting rights,
8 that together are entitled to receive the net assets of the
9 state bank upon dissolution.

10 3. The articles of incorporation of a state bank
11 incorporated as a stock corporation may authorize one or more
12 classes or series of shares that have any of the following
13 qualities:

14 *a.* Have special, conditional, or limited voting rights, or
15 no right to vote, unless prohibited by [this chapter](#).

16 *b.* Are redeemable or convertible as specified in the
17 articles of incorporation in any of the following ways:

18 (1) At the option of the state bank, the shareholders, or
19 another person or upon the occurrence of a ~~designated~~ specified
20 event.

21 (2) For cash, indebtedness, securities, or other property.

22 (3) In a designated amount or in an amount determined
23 in accordance with a designated formula or by reference to
24 extrinsic data or events.

25 *c.* Preferred shares are redeemable only by resolution
26 of the board of directors with the prior approval of the
27 superintendent. Preferred shares which are redeemable
28 according to the terms of their issuance shall be redeemed
29 only in accordance with such terms. Preferred shares which
30 are redeemed shall be canceled and shall not be reissued.
31 Preferred shares which are not redeemable according to the
32 terms of their issuance are redeemable only pro rata, by lot,
33 or by such other equitable method as determined by the board
34 of directors.

35 *d.* (1) If preferred shares are redeemed by a state bank,

1 the redemption effects a cancellation of the shares, and
2 a statement of cancellation shall be filed as provided in
3 this paragraph. The filing of the statement of cancellation
4 constitutes an amendment to the articles of incorporation and
5 reduces the number of preferred shares of the class which the
6 state bank is authorized to issue by the number which are
7 canceled.

8 (2) The statement of cancellation shall be executed by the
9 state bank by its president or a vice president and by its
10 cashier or an assistant cashier, and acknowledged by one of the
11 officers signing such statement, and shall set forth all of the
12 following:

13 (a) The name of the state bank and the effective date of its
14 articles of incorporation.

15 (b) The number of preferred shares canceled through
16 redemption, itemized by classes.

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

19 (d) The amount, expressed in dollars, of the stated capital
20 of the state bank after giving effect to the cancellation.

21 (e) The number of shares which the state bank has authority
22 to issue, itemized by classes, after giving effect to the
23 cancellation.

24 (3) The statement of cancellation, together with the
25 applicable filing ~~and recording~~ fees, shall be delivered to
26 the superintendent who shall, if the superintendent finds the
27 statement of cancellation satisfies the requirements of this
28 section, deliver it to the secretary of state for filing ~~and~~
29 ~~recording~~ in the secretary of state's office ~~and the statement~~
30 ~~of cancellation shall also be filed and recorded in the office~~
31 ~~of the county recorder~~. The capital of the state bank is
32 deemed to be reduced by the par value of the shares canceled
33 upon the effective date of the redemption.

34 e. Entitle the holders to distributions calculated in
35 any manner, including dividends that may be cumulative,

1 noncumulative, or partially cumulative.

2 *f.* Have preference over any other class or series of
3 shares with respect to distributions, including dividends and
4 distributions upon the dissolution of the state bank.

5 4. The description of the designations, preferences,
6 rights, and limitations, ~~and relative rights~~ of share classes
7 or series of shares in [subsection 3](#) is not ~~all-inclusive~~
8 exhaustive.

9 5. Unless the articles of incorporation or bylaws otherwise
10 provide, the board of directors, by resolution duly adopted and
11 with the approval of the superintendent as provided in section
12 524.405, may issue from time to time, in whole or in part, the
13 shares authorized by the articles of incorporation.

14 Sec. 39. Section 524.522, subsection 1, unnumbered
15 paragraph 1, Code 2021, is amended to read as follows:

16 If the articles of incorporation provide for such, the
17 board of directors may determine, in whole or in part, the
18 preferences, rights, and limitations, ~~and relative rights~~,
19 within the limits set forth in [section 524.521](#), of either of
20 the following:

21 Sec. 40. Section 524.523, subsection 2, unnumbered
22 paragraph 1, Code 2021, is amended to read as follows:

23 Each At a minimum, each share certificate must state on its
24 face, ~~at a minimum~~, all of the following:

25 Sec. 41. Section 524.523, subsection 3, Code 2021, is
26 amended by striking the subsection and inserting in lieu
27 thereof the following:

28 3. *a.* If the state bank is authorized to issue different
29 classes of shares or series of shares within a class, the
30 front or back of each certificate must summarize all of the
31 following:

32 (1) The preferences, rights, and limitations applicable to
33 each class and series.

34 (2) Any variations in preferences, rights, and limitations
35 among the holders of the same class or series.

1 (3) The authority of the board of directors to determine the
2 terms of future classes or series.

3 b. Alternatively, each certificate may state conspicuously
4 on its front or back that the state bank will furnish to the
5 shareholder the information in paragraph "a" on request in
6 writing and without charge.

7 Sec. 42. Section 524.523, subsection 4, Code 2021, is
8 amended to read as follows:

9 4. Each share certificate must be signed ~~either manually or~~
10 ~~in facsimile~~ by two officers as set forth in subsection 1, and
11 may bear the corporate seal or its facsimile.

12 Sec. 43. Section 524.524, Code 2021, is amended to read as
13 follows:

14 **524.524 Consideration for shares.**

15 Except in the case of a distribution of shares authorized by
16 section 524.543 or shares issued upon exchanges or conversion,
17 common or preferred shares of a state bank may be issued only
18 for cash in an amount not less than that ~~determined~~ approved
19 by the superintendent.

20 Sec. 44. Section 524.525, subsection 4, paragraph b, Code
21 2021, is amended to read as follows:

22 b. Unless the subscription agreement provides otherwise, the
23 state bank may rescind the agreement and may sell the shares
24 if the debt remains unpaid more than twenty days after the
25 state bank ~~sends~~ delivers a written demand for payment to the
26 subscriber.

27 Sec. 45. Section 524.526, Code 2021, is amended to read as
28 follows:

29 **524.526 Fractional shares.**

30 1. A state bank incorporated as a stock corporation may
31 issue fractions of a share or in lieu of doing so may do any of
32 the following:

33 a. ~~Issue fractions of a share or pay~~ Pay in money cash the
34 value of fractions of a share.

35 b. Issue scrip in registered or bearer form entitling the

1 holder to receive a full share upon surrendering enough scrip
2 to equal a full share.

3 ~~b. c.~~ Arrange for disposition of fractional shares by the
4 shareholders of the state bank.

5 ~~c. Issue scrip in registered or bearer form entitling the~~
6 ~~holder to receive a full share upon surrendering enough scrip~~
7 ~~to equal a full share.~~

8 2. Each certificate representing scrip must be
9 conspicuously labeled "scrip" and must contain the information
10 required by [section 524.523, subsection 2](#).

11 3. The holder of a fractional share or scrip is entitled
12 to exercise the rights of a shareholder, including the ~~right~~
13 rights to vote, to receive dividends, and to participate in
14 the assets of the state bank upon liquidation, but only if the
15 fractional share or scrip provides for such rights.

16 4. The board of directors may authorize the issuance of
17 scrip subject to any condition ~~considered desirable~~, including
18 either of the following:

19 a. That the scrip will become void if not exchanged for full
20 shares before a specified date.

21 b. That the shares for which the scrip is exchangeable may
22 be sold and the proceeds paid to the scrip holders.

23 Sec. 46. Section 524.527, subsections 1 and 2, Code 2021,
24 are amended to read as follows:

25 1. A purchaser of the shares of a state bank incorporated
26 as a stock corporation is not liable to the state bank, its
27 creditors, or depositors with respect to the shares except to
28 pay the consideration for which the shares were authorized to
29 be issued under [section 524.521](#), or the consideration specified
30 in the subscription agreement authorized under [section 524.525](#).

31 2. ~~Unless otherwise provided in the articles of~~
32 ~~incorporation,~~ a A shareholder of a state bank is not
33 personally liable for any liabilities of the state bank,
34 including liabilities arising from the acts or debts of the
35 state bank, its creditors, or depositors, ~~subject to the~~

1 following exceptions:

2 a. To the extent provided in a provision of the articles
3 of incorporation permitted by section 524.302, subsection 2,
4 paragraph "c".

5 b. By reason of the shareholder's own acts or conduct.

6 Sec. 47. Section 524.528, subsections 1 and 2, Code 2021,
7 are amended to read as follows:

8 1. The shareholders of a state bank do not have a preemptive
9 right to acquire the state bank's unissued shares except to the
10 extent ~~provided in the articles of incorporation~~ so provide.

11 2. A statement included in the articles of incorporation
12 that "the state bank elects to have preemptive rights", or
13 words of similar ~~import~~ effect, means that, the following
14 principles apply except to the extent ~~otherwise expressly~~
15 ~~provided in the articles of incorporation, the following~~
16 ~~principles apply expressly provide otherwise:~~

17 a. A shareholder The shareholders of a state bank ~~has~~ have
18 a preemptive right, granted on uniform terms and conditions
19 prescribed by the board of directors to provide a fair and
20 reasonable opportunity to exercise the right, to acquire a
21 proportional amount of the state bank's unissued shares upon
22 the decision of the board of directors to issue such shares.

23 b. A shareholder may waive the shareholder's preemptive
24 right. A waiver evidenced in writing is irrevocable even
25 though it is not supported by consideration.

26 c. There is no preemptive right with respect to any of the
27 following:

28 (1) Shares issued as compensation to directors, managers,
29 officers, employees, or agents, ~~or employees~~ of the state bank,
30 its subsidiaries, or its affiliates.

31 (2) Shares issued to satisfy conversion or option rights
32 created to provide compensation to directors, managers,
33 officers, employees, or agents, ~~or employees~~ of the state bank,
34 its subsidiaries, or its affiliates.

35 (3) Shares authorized in the articles of incorporation

1 that are issued within six months from the effective date of
2 incorporation or organization.

3 ~~d. A holder~~ Holders of shares of any class or series without
4 ~~general~~ voting rights power but with preferential rights to
5 distributions or assets ~~has~~ have no preemptive rights with
6 respect to shares of any class or series.

7 ~~e. A holder~~ Holders of shares of any class or series with
8 ~~general~~ voting rights power but without preferential rights
9 to distributions or assets ~~has~~ have no preemptive rights with
10 respect to shares of any class or series with preferential
11 rights to distributions or assets unless the shares with
12 preferential rights are convertible into or carry a right to
13 subscribe for or acquire shares without preferential rights.

14 ~~f.~~ Shares subject to preemptive rights that are not acquired
15 by shareholders may be issued to any person for a period of one
16 year after being offered to shareholders at a consideration
17 set by the board of directors that is not lower than the
18 consideration set for the exercise of preemptive rights. An
19 offer at a lower consideration or after the expiration of one
20 year is subject to the shareholders' preemptive rights.

21 Sec. 48. Section 524.532, Code 2021, is amended to read as
22 follows:

23 **524.532 Meetings of shareholders.**

24 Meetings of shareholders may be held at a place, ~~within~~
25 ~~this state,~~ as provided in the articles of incorporation or
26 the bylaws, or as fixed in accordance with their provisions.
27 In the absence of any such provision, all meetings shall be
28 held at the principal place of business of the state bank.
29 An annual meeting of the shareholders shall be held during
30 the specific month as shall be provided in the articles of
31 incorporation, at the location, date, and time as stated in
32 or fixed in accordance with the bylaws. Failure to hold the
33 annual meeting during the month shall not work a forfeiture
34 or dissolution of the state bank. Special meetings of the
35 shareholders may be called by the president, the board of

1 directors, the holders of not less than one-tenth of all the
2 shares entitled to vote at the meeting, or other officers or
3 persons as provided in the articles of incorporation or the
4 bylaws. If a state bank holds a shareholder meeting at a
5 location outside this state, the articles of incorporation or
6 bylaws must permit any or all shareholders to participate by
7 any means of communication as specified in section 524.533,
8 subsection 4.

9 Sec. 49. Section 524.533, subsections 1 and 3, Code 2021,
10 are amended to read as follows:

11 1. Written notice stating the place, day and hour of a
12 meeting of the shareholders and, in case of a special meeting,
13 the purpose or purposes for which the meeting is called, shall
14 be delivered not less than ten nor more than sixty days before
15 the date of the meeting, either personally or by mail, by or
16 at the direction of the president, the cashier, or the officer
17 or persons calling the meeting, to each shareholder of record
18 entitled to vote at the meeting. If mailed, the notice is
19 deemed to be delivered when deposited in the United States mail
20 addressed to the shareholder at the shareholder's address as
21 it appears on the stock transfer books of the state bank with
22 postage prepaid. As used in this section, the term "notice"
23 means as defined in section 490.141.

24 3. A shareholder's attendance at a meeting results in ~~both~~
25 all of the following:

26 a. Waives the shareholder's objection to lack of notice or
27 defective notice of the meeting, unless the shareholder at the
28 beginning of the meeting ~~or promptly upon the shareholder's~~
29 ~~arrival~~ objects to holding the meeting or transacting business
30 at the meeting.

31 b. Waives the shareholder's objection to consideration
32 of a particular matter at the meeting that is not within the
33 purpose or purposes described in the meeting notice, unless
34 the shareholder objects to considering the matter when it is
35 presented.

1 Sec. 50. Section 524.535, subsection 2, Code 2021, is
2 amended to read as follows:

3 2. The bylaws or, in the absence of an applicable bylaw,
4 the board of directors may fix or provide the manner of fixing,
5 ~~in advance, a date as~~ the record date for any determination of
6 shareholders entitled to notice of ~~or~~ a shareholder's meeting,
7 to demand a special meeting, to vote, or to take any other
8 action at a meeting of shareholders, ~~the.~~ A record date to be
9 fixed under this section shall not be more than seventy days
10 and, in the case of a meeting of shareholders, not less than
11 ten days ~~prior to~~ before the date ~~on which~~ of the meeting or
12 particular action, requiring the determination of shareholders,
13 ~~is to be taken and shall not be retroactive.~~ If a record date
14 is not fixed for the determination of shareholders entitled
15 to notice of or to vote at a meeting of shareholders, or
16 shareholders entitled to receive payment of a dividend, the
17 date on which notice of the meeting is mailed or the date on
18 which the resolution of the board of directors declaring such
19 dividend is adopted, as the case may be, shall be the record
20 date for the determination of shareholders. If a determination
21 of shareholders entitled to vote at any meeting of shareholders
22 has been made as provided in **this section**, the determination
23 applies to any adjournment of the meeting.

24 Sec. 51. Section 524.536, Code 2021, is amended by striking
25 the section and inserting in lieu thereof the following:

26 **524.536 Shareholders' voting list for meeting.**

27 1. The officer or agent having charge of the stock transfer
28 books for shares of a state bank shall, at least ten days
29 before each meeting of shareholders, prepare a complete
30 alphabetical list of the names of all its shareholders who
31 are entitled to vote at the meeting or any adjournment of the
32 meeting. The list shall be arranged by voting group and within
33 each voting group by class or series of shares, and show the
34 address of and the number of shares held by each shareholder.
35 Nothing contained in this subsection shall require the state

1 bank to include on such list the electronic mail address or
2 other electronic contact information of a shareholder.

3 2. *a.* The shareholders' list shall be available for
4 inspection by any shareholder beginning ten days before the
5 meeting and continuing through the meeting. The shareholders'
6 list shall be made available in at least one of the following
7 locations:

8 (1) The state bank's principal place of business.

9 (2) A reasonably accessible electronic network, provided
10 that the information required to gain access to the list is
11 provided with the notice of the meeting. In the event that
12 the state bank determines to make the list available on an
13 electronic network, the state bank shall take reasonable
14 steps to ensure that such information is available only to
15 shareholders of the state bank.

16 *b.* A shareholder, or the shareholder's agent or attorney,
17 is entitled on written demand to inspect the list at any time
18 during usual business hours and at the shareholders' expense,
19 during the period it is available for inspection.

20 3. The list of shareholders shall also be produced and
21 kept open at the time and place of the meeting and is subject
22 to the inspection of a shareholder, or a shareholder's agent
23 or attorney, during the entire duration of the meeting. The
24 original stock transfer books are prima facie evidence as to
25 which shareholders are entitled to examine the list or transfer
26 books or to vote at a meeting of shareholders.

27 4. Failure to comply with the requirements of this section
28 shall not affect the validity of action taken at a meeting of
29 shareholders.

30 Sec. 52. Section 524.537, Code 2021, is amended by adding
31 the following new subsection:

32 NEW SUBSECTION. 3. If a quorum is present, the affirmative
33 vote of the majority of the shares represented at the meeting
34 and entitled to vote on the subject matter shall be the act of
35 the shareholders, unless the vote of a greater number or voting

1 by classes is required by the laws of this state or of the
2 United States or by the articles of incorporation or bylaws.
3 This requirement does not apply to the election of directors as
4 provided in section 524.538, subsection 4.

5 Sec. 53. Section 524.538, subsections 1, 3, and 5, Code
6 2021, are amended to read as follows:

7 1. Each outstanding share of a state bank shall be entitled
8 to one vote on each matter submitted to a vote at a meeting of
9 shareholders, except to the extent that the voting rights of
10 the shares of a class or series may be limited or denied by the
11 articles of incorporation.

12 3. A shareholder may vote either in person or by proxy
13 executed in writing by the shareholder or by the shareholder's
14 duly authorized ~~attorney-in-fact~~ attorney-in-fact. A proxy
15 shall not be valid after eleven months from the date of its
16 execution.

17 5. In an election of directors, a state bank shall not
18 vote its own shares held by it as sole trustee unless under
19 the terms of the trust the manner in which such shares shall
20 be voted may be determined by a donor or beneficiary of the
21 trust and unless such donor or beneficiary actually directs
22 how the shares shall be voted. ~~However, shares held in trust
23 by a state bank pursuant to an instrument in effect prior to
24 January 1, 1970, under the terms of which the manner in which
25 such shares shall be voted could not be determined by a donor
26 or beneficiary of the trust, may be voted in an election of
27 directors of a state bank upon petition filed by the state
28 bank, to a court of competent jurisdiction, and the appointment
29 by such court of an individual to determine the manner in which
30 the shares shall be voted.~~ When the shares of a state bank are
31 held by such state bank and one or more persons as trustees,
32 the shares may be voted by such other person or persons as
33 trustees, in the same manner as if the person or persons were
34 the sole trustee. Whenever shares cannot be voted by reason
35 of being held by a state bank as sole trustee, the shares shall

1 be excluded in determining whether matters voted upon by the
2 shareholders were adopted by the requisite number of shares.

3 Sec. 54. Section 524.538A, Code 2021, is amended to read as
4 follows:

5 **524.538A Voting by member of mutual corporation.**

6 All holders of savings, demand, or other authorized
7 accounts of a state bank incorporated as or converted to be
8 a mutual corporation are members of the state bank. In the
9 consideration of all questions requiring action by the members
10 of the state bank, each holder of an account shall be permitted
11 to cast one vote for each one hundred dollars, or fraction
12 thereof, of the withdrawal value of the member's account. No
13 member, however, shall cast more than one thousand member
14 votes. All accounts shall be nonassessable.

15 Sec. 55. Section 524.544, subsection 1, Code 2021, is
16 amended to read as follows:

17 1. Whenever any person proposes to purchase or otherwise
18 acquire directly or indirectly any of the outstanding shares
19 of a state bank, and the proposed purchase or acquisition
20 would result in control or in a change in control of the
21 state bank, the person proposing to purchase or acquire the
22 shares shall first apply in writing to the superintendent
23 for a certificate of approval for the proposed change of
24 control. The superintendent shall grant the certificate if
25 the superintendent is satisfied that the person who proposes
26 to obtain control of the state bank is qualified by character,
27 experience, and financial responsibility to control and
28 operate the state bank in a sound and legal manner, and that
29 the interests of the depositors, creditors, and shareholders
30 of the state bank, and of the public generally, will not be
31 jeopardized by the proposed change of control. A person
32 which will become a bank holding company upon completion of
33 an acquisition shall make application to the superintendent
34 for a certificate of approval as provided in [this section](#).
35 Any other bank holding company shall comply with section

1 524.1804 in lieu of seeking a certificate of approval under
2 this section. In any situation where the president or cashier
3 of a state bank has reason to believe any of the foregoing
4 requirements have not been complied with, it shall be the duty
5 of the president or cashier to promptly report in writing such
6 facts to the superintendent upon obtaining knowledge thereof.
7 ~~As used in this section, the term "control" means the power,~~
8 ~~directly or indirectly, to elect the board of directors. If~~
9 ~~there is any doubt as to whether a change in the ownership~~
10 ~~of the outstanding shares is sufficient to result in control~~
11 ~~thereof, or to effect a change in the control thereof, such~~
12 ~~doubt shall be resolved in favor of reporting the facts to the~~
13 ~~superintendent.~~

14 Sec. 56. Section 524.544, Code 2021, is amended by adding
15 the following new subsection:

16 NEW SUBSECTION. 1A. As used in this section, the term
17 "control" means owning, controlling, or having the power to vote
18 twenty-five percent or more of any class of voting securities
19 of a state bank or having the power, directly or indirectly,
20 to elect the board of directors. If there is any doubt as to
21 whether a change in the ownership of the outstanding shares is
22 sufficient to result in control thereof, or to effect a change
23 in the control thereof, such doubt shall be resolved in favor
24 of reporting the facts to the superintendent.

25 Sec. 57. Section 524.544, subsection 2, Code 2021, is
26 amended by striking the subsection.

27 Sec. 58. Section 524.604, subsection 1, paragraph d, Code
28 2021, is amended to read as follows:

29 *d.* Review of the adequacy of the state bank's internal
30 controls and determination of the most appropriate method
31 to satisfy the state bank's audit needs pursuant to section
32 524.608.

33 Sec. 59. Section 524.604, subsection 2, Code 2021, is
34 amended to read as follows:

35 2. Directors of a state bank shall discharge the duties

1 of their position in good faith and with that diligence, care
2 and skill which ordinarily prudent persons would exercise
3 under similar circumstances in like positions. The directors
4 shall have a continuing responsibility to assure themselves
5 that the state bank is being managed according to law and that
6 the practices and policies adopted by the board are being
7 implemented.

8 Sec. 60. Section 524.605, subsection 1, paragraph a, Code
9 2021, is amended to read as follows:

10 a. Directors of a state bank who vote for or assent to
11 the declaration of any dividend or other distribution of the
12 assets of a state bank to its shareholders in willful or
13 negligent violation of the provisions of this chapter, ~~or~~ of
14 any restrictions contained in the articles of incorporation,
15 or of any order by the superintendent restricting the payment
16 of dividends or other distribution of assets, shall be jointly
17 and severally liable to the state bank for the amount of such
18 dividend which is paid or the value of such assets which
19 are distributed in excess of the amount of such dividend or
20 distribution which could have been paid or distributed without
21 a violation of the provisions of this chapter, ~~or~~ of the
22 restrictions in the articles of incorporation, or of any order
23 by the superintendent restricting the payment of dividends or
24 other distribution of assets.

25 Sec. 61. Section 524.606, subsection 2, paragraph a, Code
26 2021, is amended to read as follows:

27 a. If, in the opinion of the superintendent, any director
28 of a state bank or bank holding company has violated any
29 law relating to such state bank or bank holding company, ~~or~~
30 has engaged in unsafe or unsound practices in conducting the
31 business of such state bank or bank holding company, or has
32 caused such state bank or bank holding company to violate any
33 provision of this chapter or any other law relating to banks
34 or banking, the superintendent may cause notice to be served
35 upon such director, to appear before the superintendent to

1 show cause why the director should not be removed from office.
 2 A copy of such notice shall be sent to each director of the
 3 state bank or bank holding company affected, by registered or
 4 certified mail. If, after granting the accused director a
 5 reasonable opportunity to be heard, the superintendent finds
 6 that the director violated any law relating to such state
 7 bank or bank holding company, ~~or~~ engaged in unsafe or unsound
 8 practices in conducting the business of such state bank or bank
 9 holding company, or has caused such state bank or bank holding
 10 company to violate any provision of this chapter or any other
 11 law relating to banks or banking, the superintendent, in the
 12 superintendent's discretion, may order that such director be
 13 removed from office, and that such director be prohibited from
 14 serving in any capacity in any other state bank, bank holding
 15 company, bank affiliate, trust company, or an entity licensed
 16 under [chapter 533A](#), [533C](#), [533D](#), [535B](#), [536](#), or [536A](#). A copy
 17 of the order shall be served upon such director and upon the
 18 state bank or bank holding company of which the person is a
 19 director at which time the person shall cease to be a director
 20 of the state bank or bank holding company. The resignation,
 21 termination of employment, or separation of such director,
 22 including a separation caused by the closing of the state
 23 bank or bank holding company at which the person serves as a
 24 director, does not affect the jurisdiction and authority of the
 25 superintendent to cause notice to be served and proceed under
 26 this subsection against the director, if the notice is served
 27 before the end of the six-year period beginning on the date the
 28 director ceases to be a director with the state bank.

29 Sec. 62. Section 524.607, subsections 1 and 2, Code 2021,
 30 are amended to read as follows:

31 1. The board of directors shall hold at least nine regular
 32 meetings each calendar year. No more than one regular meeting
 33 shall be held in any one calendar month. Unless the articles
 34 of incorporation or bylaws provide otherwise, any director may
 35 participate in any meeting of the board of directors ~~may permit~~

1 ~~directors to participate in meetings~~ through the use of any
2 means of communication by which all directors participating
3 may simultaneously hear each other during the meeting. A
4 director participating in a meeting by this means is deemed to
5 be present at the meeting.

6 2. A special meeting may be called by any executive officer
7 or a director. Notice of a meeting shall be given to each
8 director, either personally or by mail, at least two days in
9 advance of the meeting. Notice of a regular meeting shall
10 not be required if the articles of incorporation, bylaws, or
11 a resolution of the board of directors provide for a regular
12 monthly meeting date. As used in this section, the term
13 "notice" means as defined in section 490.141.

14 Sec. 63. Section 524.607, Code 2021, is amended by adding
15 the following new subsection:

16 NEW SUBSECTION. 2A. A director may waive any notice
17 required by this chapter, the articles of incorporation, or the
18 bylaws before or after the date and time stated in the notice.
19 Except as provided in subsection 3, the waiver must be in
20 writing, signed by the director entitled to the notice, whether
21 before or after the time stated in the notice, and delivered to
22 the state bank for filing by the state bank with the minutes or
23 corporate records.

24 Sec. 64. Section 524.607, subsection 3, Code 2021, is
25 amended by striking the subsection and inserting in lieu
26 thereof the following:

27 3. A director's attendance at or participation in a meeting
28 waives any required notice to the director of such meeting
29 unless all of the following apply:

30 a. The director at the beginning of the meeting, or promptly
31 upon arrival, objects to holding the meeting or transacting
32 business at the meeting because the meeting is not lawfully
33 called or convened.

34 b. The director does not, after objecting, vote for or
35 assent to action taken at the meeting.

1 Sec. 65. Section 524.607, subsection 4, Code 2021, is
2 amended by striking the subsection.

3 Sec. 66. Section 524.607A, subsection 1, Code 2021, is
4 amended to read as follows:

5 1. Unless the articles of incorporation or bylaws provide
6 otherwise, action required or permitted to be taken under this
7 chapter at a board of directors' meeting may be taken without
8 a meeting if the action is consented to by all members of the
9 board. The action must be evidenced by one or more written
10 consents describing the action taken, signed by each director,
11 and included in the minutes or filed with the corporate records
12 reflecting the action taken. A director may evidence the
13 consent required by this subsection by sending a message by
14 electronic mail that expressly indicates the director's consent
15 to the proposed action.

16 Sec. 67. Section 524.608, Code 2021, is amended to read as
17 follows:

18 **524.608 Auditing procedures.**

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

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

34 Sec. 68. Section 524.610, subsection 1, Code 2021, is
35 amended to read as follows:

1 1. The shareholders of a state bank shall fix the
2 reasonable compensation of directors for their services as
3 members of the board of directors. Subject to approval by
4 the shareholders at an annual or special meeting called for
5 that purpose, the shareholders of a state bank may adopt a
6 pension or profit-sharing plan, or both, or other plan of
7 deferred compensation for directors, to which a state bank may
8 contribute. Changes to such a pension or profit-sharing plan
9 or other plan of deferred compensation, other than changes
10 that affect eligibility requirements for directors under the
11 plan, benefits provided to directors pursuant to the plan, and
12 contributions required by the state bank or directors under
13 the plan, may be adopted by the board of directors without
14 shareholder approval.

15 Sec. 69. Section 524.611, subsection 2, Code 2021, is
16 amended to read as follows:

17 2. The oath shall be signed by the director, acknowledged
18 before an ~~officer~~ individual authorized to ~~take acknowledgments~~
19 ~~of deeds~~ perform notarial acts, and delivered to the
20 superintendent.

21 Sec. 70. Section 524.703, subsection 2, Code 2021, is
22 amended to read as follows:

23 2. Subject to approval by the shareholders at an annual or
24 special meeting called for the purpose, the board of directors
25 of a state bank may adopt a pension or profit-sharing plan,
26 or both, or other plan of deferred compensation, for both
27 officers and employees, to which the state bank may contribute.
28 Changes to such a pension or profit-sharing plan or other
29 plan of deferred compensation, other than changes that affect
30 eligibility requirements for officers and employees under the
31 plan, benefits provided to officers and employees pursuant to
32 the plan, and contributions required by state banks, officers,
33 or employees under the plan, may be adopted by the board of
34 directors without shareholder approval.

35 Sec. 71. Section 524.707, subsection 2, Code 2021, is

1 amended to read as follows:

2 2. [Section 524.606, subsection 2](#), which provides for the
3 removal of directors by the superintendent, shall have equal
4 application to officers and employees of a state bank, bank
5 holding company, bank affiliate, or trust company.

6 Sec. 72. Section 524.802, subsections 9, 11, and 13, Code
7 2021, are amended to read as follows:

8 9. Acquire and hold shares of stock in the appropriate
9 federal home loan bank and to exercise all powers conferred
10 on member banks of the federal home loan bank system that are
11 not inconsistent with [this chapter](#). A purchase of federal
12 home loan bank shares which causes the state bank's holdings
13 to exceed fifteen percent of aggregate capital, including
14 where the ownership of shares exceeding fifteen percent of
15 the state bank's aggregate capital is needed to support the
16 state bank's participation in the federal home loan bank's
17 acquired member assets program provided for in 12 C.F.R. pt.
18 955, requires the prior approval of the superintendent. ~~In~~
19 ~~addition, a state bank may own federal home loan bank shares~~
20 ~~in an amount exceeding fifteen percent of the state bank's~~
21 ~~aggregate capital, but not exceeding twenty-five percent of~~
22 ~~the state bank's aggregate capital, if the ownership of shares~~
23 ~~exceeding fifteen percent is needed to support the state bank's~~
24 ~~participation in the federal home loan bank's acquired member~~
25 ~~assets program as provided for in [12 C.F.R. pt. 955](#).~~

26 11. ~~Become~~ Subject to section 524.109, subsection 2, become
27 a member of a bankers' bank.

28 13. Acquire, hold, and improve real estate for the sole
29 purpose of economic or community development, provided that
30 the state bank's aggregate investment in all acquisitions and
31 improvements of real estate under [this subsection](#) shall not
32 exceed fifteen percent of a state bank's aggregate capital and
33 ~~shall be subject to the prior approval of the superintendent,~~
34 the state bank provides the superintendent with thirty days'
35 prior written notice of its intention to acquire, hold, and

1 improve the real estate, and the superintendent does not object
2 to the state bank's proposed plan within thirty days. For
3 purposes of this section, the term "community development"
4 includes public welfare investments as defined in section
5 524.901, subsection 7, paragraph "a", and other investments as
6 permitted under 12 U.S.C. §24 and its implementing regulations.

7 Sec. 73. NEW SECTION. 524.802A Electronic activities of
8 **state bank.**

9 1. A state bank may conduct in electronic form any
10 activities that are expressly authorized for state banks under
11 any provision of this chapter, including in sections 524.801,
12 524.802, and 524.804, and activities that are the functional
13 equivalent of any activities expressly authorized for state
14 banks under this chapter. A state bank may perform, provide,
15 or deliver through electronic means any activity, function,
16 product, or service it is authorized to perform by any
17 provision of this chapter and must comply with all applicable
18 laws and regulations.

19 2. Subject to the prior approval of the superintendent,
20 a state bank may, beginning on July 1, 2021, engage in new
21 or innovative electronic activities that are part of the
22 business of banking. When determining whether a state bank is
23 authorized to engage in a new or innovative electronic activity
24 that is not traditionally offered by banks via electronic
25 means, the superintendent shall consider whether the activity
26 is expressly authorized for state banks under this chapter,
27 whether the activity is the functional equivalent of any
28 activity authorized for state banks, whether the activity
29 is a logical extension of any activity authorized for state
30 banks, whether the state bank has the expertise necessary to
31 understand and manage the activity, and whether the activity
32 presents risks similar to those state banks already assume.

33 3. A state bank that engages in any new or innovative
34 electronic activities must conduct these activities in a
35 safe and sound manner and must maintain adequate systems to

1 identify, measure, monitor, and control the risks associated
2 with its electronic activities. These systems must include
3 policies, procedures, internal controls, and management
4 information systems governing the electronic activities of
5 the state bank and may be tailored to the specific risks
6 presented by the electronic activities of the state bank. A
7 state bank engaging in new or innovative electronic activities
8 must also maintain adequate and effective information security
9 infrastructure and controls.

10 4. The superintendent may adopt rules pursuant to chapter
11 17A to implement the provisions of this section, including
12 but not limited to application procedures, identifying the
13 systems, processes, and technologies a state bank must maintain
14 in order to engage in certain new or innovative electronic
15 activities, and determining that additional new or innovative
16 electronic activities are authorized for state banks without
17 prior approval.

18 Sec. 74. Section 524.803, subsection 3, Code 2021, is
19 amended to read as follows:

20 3. Any real property which is held by a state bank pursuant
21 to [this section](#) and which it ceases to use for banking
22 purposes, or is acquired for future use but not used within
23 a reasonable period of time five years after title is vested
24 in the state bank, shall be sold or disposed of by the state
25 bank as directed by the superintendent. This deadline may be
26 extended up to an additional five years with prior approval of
27 the superintendent, but in no event may a state bank hold the
28 property for more than ten years.

29 Sec. 75. Section 524.810A, subsection 1, unnumbered
30 paragraph 1, Code 2021, is amended to read as follows:

31 A bank shall permit a person named in and authorized by a
32 court order to open, examine, and remove the contents of a safe
33 deposit box located at the bank. If a court order has not been
34 delivered to the bank, the following persons may access and
35 remove any or all contents of a safe deposit box located at a

1 state bank which box is described in an ownership or rental
2 agreement or lease between the state bank and a deceased owner
3 or lessee:

4 Sec. 76. Section 524.812, subsection 3, Code 2021, is
5 amended to read as follows:

6 3. If the contents are not claimed within two years after
7 their removal from the safe deposit box, the state bank may
8 proceed to sell so much of the contents as is necessary to
9 pay the past due rentals and the expense incurred in opening
10 the safe deposit box, replacement of the locks thereon and
11 the sale of the contents. The sale shall be held at the time
12 and place specified in a notice published prior to the sale
13 once each week for two successive weeks in a newspaper of
14 general circulation published in the municipal corporation or
15 unincorporated area in which the state bank has its principal
16 place of business, or if there is none, a newspaper of general
17 circulation published in the county, or in a county adjoining
18 the county, in which the state bank has its principal place of
19 business. The state bank shall also post this notice on the
20 state bank's internet site for at least two weeks prior to the
21 sale. A copy of the notice so published shall be mailed to the
22 customer at the customer's last known address as shown upon the
23 records of the state bank. The notice shall contain the name
24 of the customer and need only describe the contents of the safe
25 deposit box in general terms. The contents of any number of
26 safe deposit boxes may be sold under one notice of sale and the
27 cost thereof apportioned ratably among the several safe deposit
28 box customers involved. At the time and place designated
29 in said notice the contents taken from each respective safe
30 deposit box shall be sold separately to the highest bidder for
31 cash and the proceeds of each sale applied to the rentals and
32 expenses due to the state bank and the residue from any such
33 sale shall be held by the state bank for the account of the
34 customer or customers. Any amount so held as proceeds from
35 such sale shall be credited with interest at the customary

1 annual rate for savings accounts at said state bank, or in lieu
2 thereof, at the customary rate of interest in the community
3 where such proceeds are held. The crediting of interest shall
4 not activate said account to avoid an abandonment as unclaimed
5 property under [chapter 556](#).

6 Sec. 77. Section 524.816, Code 2021, is amended by striking
7 the section and inserting in lieu thereof the following:

8 **524.816 Deposit account insurance.**

9 A state bank organized under this chapter shall be an
10 insured bank and shall acquire and maintain insurance from the
11 federal deposit insurance corporation, or its successor, to
12 protect each depositor against loss of funds held on account
13 by the state bank to the extent the federal deposit insurance
14 corporation insures such deposits.

15 Sec. 78. Section 524.819, Code 2021, is amended to read as
16 follows:

17 **524.819 Clearing checks at par.**

18 Checks drawn on a state bank shall be cleared at par by the
19 state bank on which they are drawn. [This section](#) shall not be
20 applicable where checks are received by a state bank as special
21 collection items.

22 Sec. 79. Section 524.821, Code 2021, is amended to read as
23 follows:

24 **524.821 Electronic transmission of funds — restrictions.**

25 1. A state bank may engage in any transaction incidental
26 to the conduct of the business of banking and otherwise
27 permitted by applicable law, by means of either the direct
28 transmission of electronic impulses to or from customers and
29 banks or the recording of electronic impulses or other indicia
30 of a transaction for delayed transmission to a bank. Subject
31 to the provisions of [chapter 527](#), except as preempted by
32 other applicable law, a state bank may utilize, establish, or
33 operate, alone or with one or more other banks, federal savings
34 ~~and loan~~ associations ~~incorporated under federal law~~, credit
35 unions incorporated under the provisions of [chapter 533](#) or

1 federal law, ~~corporations licensed under chapter 536A~~, or third
2 parties, the satellite terminals permitted under [chapter 527](#),
3 by means of which customers and banks may transmit and receive
4 electronic impulses constituting transactions pursuant to this
5 section. However, except as preempted by other applicable
6 law, such utilization, establishment, or operation shall be
7 lawful only when in compliance with [chapter 527](#). Nothing in
8 this section shall be construed as authority for any person to
9 engage in transactions not otherwise permitted by applicable
10 law, nor shall anything in [this section](#) be deemed to repeal,
11 replace or in any other way affect any applicable law or rule
12 regarding the maintenance of or access to financial information
13 maintained by any bank.

14 2. A state bank which offers its customers, or any of them,
15 the opportunity to engage in transactions with or through the
16 state bank in the manner authorized by [subsection 1](#) shall not
17 require a customer to deal with or through the state bank in
18 that manner in lieu of writing checks in the usual manner
19 upon a conventional checking account, and shall not impose
20 any extraordinary charge upon customers who choose to write
21 checks in the usual manner upon a conventional checking account
22 maintained at that state bank. The term "*extraordinary charge*",
23 as used in [this subsection](#), is a charge in excess of a fair and
24 reasonable charge, based upon the costs to the state bank of
25 providing and maintaining checking account services.

26 Sec. 80. Section 524.901, subsection 7, paragraph a,
27 subparagraph (2), Code 2021, is amended to read as follows:

28 (2) ~~Community development corporations or community~~
29 ~~development projects~~ Public welfare investments to the same
30 extent a national bank may invest in such corporations or
31 projects pursuant to 12 U.S.C. §24 and its implementing
32 regulations.

33 Sec. 81. Section 524.901, subsection 7, paragraph a,
34 subparagraph (3), Code 2021, is amended by striking the
35 subparagraph.

1 Sec. 82. Section 524.901, subsection 7, paragraph c, Code
2 2021, is amended by adding the following new subparagraph:
3 NEW SUBPARAGRAPH. (02) The term "*public welfare*
4 *investment*" means an investment that primarily benefits low
5 and moderate-income individuals, low and moderate-income
6 areas, or other areas targeted by a governmental entity for
7 redevelopment. "*Public welfare investment*" includes investments
8 that primarily support any of the types of activities
9 identified in 12 C.F.R. §24.6. "*Public welfare investment*"
10 includes an investment that would receive consideration under
11 12 C.F.R. pt. 25 as a qualified investment. "*Public welfare*
12 *investment*" includes an investment in any of the following
13 areas:

14 (a) A targeted service area as defined in section 8B.1,
15 subsection 13.

16 (b) A small city as defined in section 15.352, subsection
17 10.

18 (c) An area of the state that is not part of a federally
19 designated standard metropolitan statistical area.

20 Sec. 83. Section 524.901, subsection 8, Code 2021, is
21 amended to read as follows:

22 8. A state bank, in the exercise of the powers granted in
23 this chapter, may purchase cash value life insurance contracts
24 which may include provisions for the lump sum payment of
25 premiums and which may include insurance against the loss of
26 the lump sum payment. State banks may only purchase cash
27 value life insurance contracts if the contract is tied to an
28 employee benefit the state bank is obligated to pay. The cash
29 value life insurance contracts, together with the investment in
30 annuity contracts authorized in subsection 8A, purchased from
31 any one company shall not exceed fifteen percent of aggregate
32 capital of the state bank, and in the aggregate from all
33 companies, together with the investment in annuity contracts
34 authorized in subsection 8A, shall not exceed twenty-five
35 percent of aggregate capital of the state bank unless the state

1 bank has obtained the approval of the superintendent prior
2 to the purchase of any cash value life insurance contract in
3 excess of this limitation. Purchase and sale of such contracts
4 shall be conducted in accordance with safe and sound banking
5 practices.

6 Sec. 84. Section 524.901, Code 2021, is amended by adding
7 the following new subsections:

8 NEW SUBSECTION. 8A. A state bank, in the exercise of
9 the powers granted in this chapter, may purchase annuity
10 contracts so long as the annuity contract is tied to an
11 employee benefit the state bank is obligated to pay. The
12 total investment in annuity contracts purchased from any
13 one company, together with the cash value of life insurance
14 contracts authorized in subsection 8, shall not exceed fifteen
15 percent of aggregate capital of the state bank, and in the
16 aggregate from all companies, together with the cash value of
17 life insurance contracts authorized in subsection 8, shall not
18 exceed twenty-five percent of aggregate capital of the state
19 bank unless the state bank has obtained the approval of the
20 superintendent prior to the purchase of any cash value life
21 insurance contract in excess of this limitation. Purchase and
22 sale of such contracts shall be conducted in accordance with
23 safe and sound banking practices.

24 NEW SUBSECTION. 10. A state bank, upon the approval of the
25 superintendent, may invest in the shares or equity interests
26 of any corporation or other entity which develops or utilizes
27 new or innovative technologies that are or may be applicable
28 to the provision of banking or other financial products or
29 services, including the covered services identified in section
30 524.218, subsection 2. A state bank's total investment in
31 any combination of shares or equity interests of the entities
32 identified in this paragraph shall not exceed five percent of
33 its aggregate capital.

34 Sec. 85. Section 524.904, subsection 2, Code 2021, is
35 amended to read as follows:

1 2. A state bank may grant loans and extensions of credit to
2 one borrower in an amount not to exceed fifteen percent of the
3 state bank's aggregate capital as defined in [section 524.103](#),
4 unless the additional lending ~~provisions~~ provision described in
5 subsection 3 ~~or 4~~ apply applies.

6 Sec. 86. Section 524.904, subsection 3, paragraphs a, b, and
7 e, Code 2021, are amended by striking the paragraphs.

8 Sec. 87. Section 524.904, subsection 4, Code 2021, is
9 amended by striking the subsection.

10 Sec. 88. Section 524.904, subsection 5, paragraph a, Code
11 2021, is amended to read as follows:

12 a. A state bank may grant loans and extensions of credit
13 to a borrowing group in an amount not to exceed twenty-five
14 percent of the state bank's aggregate capital if all loans and
15 extensions of credit to any one borrower within a borrowing
16 group conform to [subsection 2 or 3](#), and the financial strength,
17 assets, guarantee, or endorsement of any one borrowing group
18 member is not relied upon as a basis for loans and extensions
19 of credit to any other borrowing group member. ~~A state bank
20 may grant loans and extensions of credit to a borrowing group
21 in an amount not to exceed thirty-five percent of aggregate
22 capital if all loans and extensions of credit to any one
23 borrower within a borrowing group conform to subsection 2,
24 3, or 4, and the financial strength, assets, guarantee, or
25 endorsement of any one borrowing group member is not relied
26 upon as a basis for loans and extensions of credit to any
27 other borrowing group member. While not to be construed as an
28 endorsement of the quality of any loan or extension of credit,
29 the superintendent may authorize a state bank to grant loans
30 and extensions of credit to a borrowing group in an amount not
31 to exceed fifty percent of aggregate capital if all loans and
32 extensions of credit to any one borrower within a borrowing
33 group conform to [subsection 2 or 3](#), and the financial strength,
34 assets, guarantee, or endorsement of any one borrowing group
35 member is not relied upon as a basis for loans and extensions~~

1 of credit to any other borrowing group member.

2 Sec. 89. Section 524.905, subsections 2 and 3, Code 2021,
3 are amended to read as follows:

4 2. *Protective payments — escrow accounts.* A bank may
5 include in the loan documents signed by the borrower a
6 provision requiring the borrower to pay the bank each month in
7 addition to interest and principal under the note an amount
8 equal to one-twelfth of the estimated annual real estate
9 taxes, special assessments, hazard insurance premium, mortgage
10 insurance premium, or any other payment agreed to by the
11 borrower and the bank in order to better secure the loan. The
12 bank shall be deemed to be acting in a fiduciary capacity with
13 respect to these funds. A bank receiving funds in escrow
14 pursuant to an escrow agreement executed ~~on or after July 1,~~
15 ~~1982~~ in connection with a loan as defined in section 535.8,
16 subsection 1, ~~shall~~ may pay interest to the borrower on those
17 funds, ~~calculated on a daily basis, at the rate the bank pays~~
18 ~~to depositors of funds in ordinary savings accounts.~~ A bank
19 which maintains an escrow account in connection with any loan
20 authorized by this section, whether or not the mortgage has
21 been assigned to a third person, shall each year deliver to the
22 mortgagor a written annual accounting of all transactions made
23 with respect to the loan and escrow account.

24 3. *Escrow reports.* A state bank may act as an escrow agent
25 with respect to real property, and may receive funds and make
26 disbursements from escrowed funds in that capacity. The state
27 bank shall be deemed to be acting in a fiduciary capacity with
28 respect to these funds. A state bank which maintains such
29 an escrow account relating to a mortgage, whether or not the
30 mortgage has been assigned to a third person, shall deliver
31 to the mortgagor a written summary of all transactions made
32 with respect to the loan and escrow accounts during each
33 calendar escrow account computation year as defined in 12
34 C.F.R. §1024.17. ~~However, the mortgagor and mortgagee may, by~~
35 ~~mutual agreement, select a fiscal year reporting period other~~

1 ~~than the calendar year.~~ The summary shall be delivered or
2 mailed not later than thirty days following the escrow account
3 computation year to which disclosure relates and shall include
4 the information required for annual escrow account statements
5 under 12 C.F.R. §1024.17. ~~The summary shall contain all of the~~
6 ~~following information:~~

7 ~~a. The name and address of the mortgagee.~~

8 ~~b. The name and address of the mortgagor.~~

9 ~~c. A summary of escrow account activity during the year as~~
10 ~~follows:~~

11 ~~(1) The balance of the escrow account at the beginning of~~
12 ~~the year.~~

13 ~~(2) The aggregate amount of deposits to the escrow account~~
14 ~~during the year.~~

15 ~~(3) The aggregate amount of withdrawals from the escrow~~
16 ~~account for each of the following categories:~~

17 ~~(a) Payments against loan principal.~~

18 ~~(b) Payments against interest.~~

19 ~~(c) Payments against real estate taxes.~~

20 ~~(d) Payments for real property insurance premiums.~~

21 ~~(e) All other withdrawals.~~

22 ~~(4) The balance of the escrow account at the end of the~~
23 ~~year.~~

24 ~~d. A summary of loan principal for the year as follows:~~

25 ~~(1) The amount of principal outstanding at the beginning of~~
26 ~~the year.~~

27 ~~(2) The aggregate amount of payments against principal~~
28 ~~during the year.~~

29 ~~(3) The amount of principal outstanding at the end of the~~
30 ~~year.~~

31 Sec. 90. Section 524.910, subsection 2, Code 2021, is
32 amended to read as follows:

33 2. Real property purchased by a state bank at sales upon
34 foreclosure of mortgages or deeds of trust owned by it, or
35 acquired upon judgments or decrees obtained or rendered for

1 debts due it, or real property conveyed to it in satisfaction
2 of debts previously contracted in the course of its business,
3 or real property obtained by it through redemption as a
4 junior mortgagee or judgment creditor, shall be sold or
5 otherwise disposed of by the state bank within five years
6 after title is vested in the state bank, unless the time is
7 extended by the superintendent. This deadline may be extended
8 up to an additional five years with prior approval of the
9 superintendent, but in no event shall a state bank hold such
10 property for more than ten years.

11 Sec. 91. Section 524.1003, subsection 1, paragraph a, Code
12 2021, is amended to read as follows:

13 a. If the superintendent at any time concludes that a state
14 bank authorized to act in a fiduciary capacity is managing its
15 accounts in an unsafe or unsound manner, or in a manner in
16 conflict with the provisions of **this chapter**, and such state
17 bank refuses to correct such practices ~~upon~~ following notice to
18 do so, the superintendent may ~~forthwith~~ direct that the state
19 bank cease to act as a fiduciary and ~~proceed to resign its~~
20 ~~fiduciary positions.~~

21 Sec. 92. Section 524.1003, subsection 1, paragraph b, Code
22 2021, is amended by striking the paragraph and inserting in
23 lieu thereof the following:

24 b. After directing the state bank to cease to act as a
25 fiduciary, the superintendent shall file a petition in the
26 district court of Polk county setting forth in general terms
27 that the state bank is acting as fiduciary with respect to
28 certain property and that it is necessary and desirable that
29 successor fiduciaries be appointed for such property.

30 Sec. 93. Section 524.1003, subsection 1, Code 2021, is
31 amended by adding the following new paragraphs:

32 NEW PARAGRAPH. c. Following the filing of a petition
33 pursuant to paragraph "b" by the superintendent, the district
34 court shall issue an order requiring all persons interested
35 in the state bank's fiduciary accounts to appoint a successor

1 fiduciary by a specific date, acknowledge the fiduciary
2 succession as described in the will, trust instrument, or
3 other governing instrument of the fiduciary account, or show
4 cause why the district court should not appoint a successor
5 fiduciary. Such order may also appoint a temporary fiduciary
6 for the fiduciary accounts held by the state bank who shall
7 be obligated to take possession of the fiduciary accounts
8 and perform necessary tax, investment, distribution, asset
9 protection, and reporting obligations required of the fiduciary
10 accounts and perform necessary tax, investment, distribution,
11 asset protection, and reporting obligations required of the
12 fiduciary until a permanent successor is appointed. Neither
13 the temporary nor permanent successor fiduciary shall be
14 liable for the actions of the state bank and shall not be
15 responsible for reviewing the action or inaction of the
16 preceding fiduciary. The state bank's liability for any action
17 or inaction in its former fiduciary positions shall not be
18 impacted by the transfer of fiduciary duties pursuant to this
19 section. The district court may assess the fees and costs of
20 the temporary fiduciary against the state bank.

21 NEW PARAGRAPH. *d.* Following the appointment of a temporary
22 fiduciary, the district court shall enter an order directing
23 the temporary fiduciary to provide notice of the petition
24 and the order described in this section, through a means
25 approved by the district court, to all persons shown in the
26 records of the state bank to have a beneficial interest in
27 the fiduciary accounts or entitled to notice or an accounting
28 under the terms of the will, trust instrument, or other
29 governing instrument of the fiduciary account, chapter 633,
30 633A, 633B, or other applicable statute under which the state
31 bank has been operating as a fiduciary. The district court
32 may also order publication of the notice for two consecutive
33 weeks in newspapers of general circulation in one or more
34 counties as prescribed by the district court, and publication
35 on the temporary fiduciary's internet site for at least twenty

1 days, to the extent the district court deems such published
2 notice necessary to protect the interests of absent or remote
3 beneficiaries.

4 Sec. 94. Section 524.1003, subsection 2, Code 2021, is
5 amended by striking the subsection and inserting in lieu
6 thereof the following:

7 2. At least twenty days after providing notice of a petition
8 and order appointing the temporary fiduciary as described in
9 this section, the district court shall appoint a permanent
10 successor fiduciary for any fiduciary account where appropriate
11 parties have failed to cause a successor fiduciary to be
12 appointed. A successor fiduciary appointed in accordance with
13 the terms of this section shall succeed to all the rights,
14 powers, titles, duties, and responsibilities of the state bank
15 except that the successor fiduciary shall not exercise the
16 powers given in the instrument creating the powers that by
17 its express terms are personal to the state bank previously
18 designated and except claims or liabilities arising out of the
19 management of the fiduciary account prior to the date of the
20 transfer.

21 Sec. 95. Section 524.1004, Code 2021, is amended by striking
22 the section and inserting in lieu thereof the following:

23 **524.1004 Voluntary relinquishment of fiduciary capacity.**

24 1. A state bank desiring to completely surrender its
25 authorization to act in any fiduciary capacity shall file with
26 the superintendent a certified copy of a resolution by the
27 board of directors signifying such intent.

28 2. Following the filing with the superintendent of the
29 resolution to surrender its authorization to act in a fiduciary
30 capacity, the state bank shall file a petition in the district
31 court in which the state bank has its principal place of
32 business setting forth in general terms that the state bank is
33 acting as fiduciary with respect to certain property, that the
34 state bank desires to cease its fiduciary function and resign
35 its fiduciary positions, and that it is necessary and desirable

1 that successor fiduciaries be appointed for such property.

2 3. The filing of the petition shall operate as a resignation
3 of the state bank from all of its fiduciary positions. During
4 the adjudication of the petition, the state bank shall retain
5 all fiduciary rights, powers, titles, duties, responsibilities,
6 and accounts it held prior to filing the petition. The state
7 bank's liability for any action or inaction in its former
8 fiduciary positions shall not be impacted by the transfer of
9 fiduciary duties pursuant to this section.

10 4. Following the filing of the petition, the district
11 court shall issue an order requiring all persons interested
12 in such fiduciary accounts to appoint a successor fiduciary
13 by a specific date, acknowledge the fiduciary succession as
14 described in the will, trust instrument, or other governing
15 instrument of the fiduciary account, or show cause why the
16 district court should not appoint a successor fiduciary. The
17 district court shall also enter an order directing the state
18 bank to provide notice of the petition and the order described
19 in this section, through a means approved by the district
20 court, to all persons shown in the records of the state bank
21 to have a beneficial interest in the fiduciary accounts or
22 entitled to notice or an accounting under the terms of the
23 will, trust instrument, or other governing instrument of the
24 fiduciary account, chapter 633, 633A, 633B, or other applicable
25 statute under which the state bank has been operating as a
26 fiduciary. The district court may also order publication of
27 the notice for two consecutive weeks in newspapers of general
28 circulation in one or more counties as prescribed by the
29 district court, and publication on the state bank's internet
30 site for at least twenty days, to the extent the district court
31 deems such published notice necessary to protect the interests
32 of absent or remote beneficiaries.

33 5. At least twenty days after the state bank provides notice
34 of the petition and order as described in this section, the
35 district court shall appoint a permanent successor fiduciary

1 for any fiduciary account where appropriate parties have
2 failed to cause a successor fiduciary to be appointed. A
3 successor fiduciary appointed in accordance with the terms of
4 this section shall succeed to all the rights, powers, titles,
5 duties, and responsibilities of the state bank except that the
6 successor fiduciary shall not exercise powers given in the
7 instrument creating the powers that by its express terms are
8 personal to the state bank previously designated and except
9 claims or liabilities arising out of the management of the
10 fiduciary account prior to the date of the transfer.

11 6. Following the adjudication of the petition described
12 in this section, the state bank shall proceed to amend its
13 articles of incorporation, in accordance with the provisions
14 of this chapter, in a manner to indicate that it is no longer
15 authorized to act in a fiduciary capacity. The superintendent
16 shall approve the proposed amendment, in the manner provided
17 for in this chapter, if the superintendent is satisfied that
18 the state bank has properly relieved itself of its fiduciary
19 responsibilities.

20 Sec. 96. NEW SECTION. **524.1005A Nonresident corporate**
21 **fiduciaries.**

22 An out-of-state bank or a trust company chartered or
23 organized under the laws of another state may only act
24 in a fiduciary capacity in this state if it satisfies the
25 requirements for nonresident corporate fiduciaries pursuant to
26 section 633.64.

27 Sec. 97. Section 524.1007, Code 2021, is amended by striking
28 the section and inserting in lieu thereof the following:

29 **524.1007 Succession of fiduciary accounts to another**
30 **financial institution.**

31 1. A state bank or other entity authorized to act in
32 a fiduciary capacity may enter into an agreement for the
33 succession of any fiduciary accounts with one or more other
34 banks or trust companies, including trust companies organized
35 under the laws of another state, that are authorized to act in

1 a fiduciary capacity under the laws of this state, the laws
2 of another state, or a national bank to the extent permitted
3 by the laws of the United States. In the agreement, the
4 succeeding bank or trust company may agree to succeed the
5 relinquishing bank or trust company as a fiduciary to those
6 fiduciary accounts which are designated in the agreement. The
7 designation of accounts may be by general class or description
8 and may include fiduciary accounts subject and not subject to
9 court administration and fiduciary accounts to arise in the
10 future under wills, trusts, court orders, or other documents
11 under which the relinquishing bank or trust company is named
12 as a fiduciary or is named to become a fiduciary upon the death
13 of a testator or settlor or upon the happening of any other
14 subsequent event.

15 2. The relinquishing bank or trust company shall provide,
16 at least twenty days preceding the effective date for the
17 succession of the fiduciary accounts, notice of the pending
18 succession, as required by chapter 633, 633A, 633B, or any
19 other applicable chapter, to all persons shown in the records
20 of the relinquishing bank or trust company to have a beneficial
21 interest in the fiduciary accounts or entitled to notice or an
22 accounting under the terms of the will, trust instrument, or
23 other governing instrument of the fiduciary account, chapter
24 633, 633A, or 633B, or other applicable statute under which
25 the relinquishing bank or trust company has been operating as
26 a fiduciary. In order to account for unknown or prospective
27 appointments, the relinquishing bank or trust company shall
28 publish a notice of the succession to fiduciary accounts in a
29 newspaper published in the county of the principal place of
30 business of the relinquishing bank or trust company, and the
31 notice must be published on the relinquishing bank or trust
32 company's internet site for at least twenty days preceding the
33 effective date of the agreement for the succession of fiduciary
34 accounts. For any fiduciary accounts that are employee benefit
35 plans, the relinquishing bank or trust company may satisfy this

1 subsection by sending the required notice to the plan sponsors.
2 3. Following the publication and notice described in
3 this section, the succeeding bank or trust company shall, on
4 the effective date of the agreement for the succession of
5 fiduciary accounts and without further notice, approval, or
6 authorization, succeed to the relinquishing bank or trust
7 company as to the fiduciary accounts and the fiduciary powers,
8 rights, privileges, duties, and liabilities for the fiduciary
9 accounts. On the effective date of the succession to fiduciary
10 accounts, the relinquishing bank or trust company is released
11 from the fiduciary duties under the fiduciary accounts and
12 shall discontinue its exercise of fiduciary powers over the
13 fiduciary accounts. Notice of such fiduciary succession
14 shall be filed of record for each parcel of real estate in
15 this state subject to such fiduciary succession unless all
16 of the fiduciary accounts held by the relinquishing bank or
17 trust company are subject to the agreement for succession
18 of fiduciary accounts, in which case the relinquishing bank
19 or trust company shall file notice of the succession in the
20 county recorder's office of all counties in which the fiduciary
21 accounts of the relinquishing bank or trust company owned real
22 estate prior to the effective date of the agreement. This
23 subsection does not absolve a relinquishing bank or trust
24 company from liabilities arising out of a breach of fiduciary
25 duty occurring prior to the effective date of the succession
26 to fiduciary accounts.

27 4. Within sixty days after the mailing and publication of
28 the notice, a person with an interest in a fiduciary account
29 included within the notice and agreement required by subsection
30 1 may apply to the district court in the county in which the
31 notice is published for the appointment of a new fiduciary on
32 the ground that the succeeding fiduciary will adversely affect
33 the administration of the fiduciary account. After notice to
34 all interested parties and a hearing on the issues, the court
35 may appoint a new fiduciary to replace the succeeding fiduciary

1 if it finds that the substitution of the succeeding fiduciary
2 will adversely affect the administration of the account and
3 that the appointment of a new fiduciary would be in the best
4 interests of the beneficiaries of the fiduciary account. This
5 subsection is in addition to section 633.65 and any other
6 applicable provision governing the removal of a fiduciary.

7 5. The privilege of succeeding to fiduciary accounts that
8 is extended to a state bank or trust company by this section is
9 also extended on the same terms and conditions to a national
10 bank organized under 12 U.S.C. §21 et seq. to engage generally
11 in the banking business, and to out-of-state banks and trust
12 companies that are authorized to serve as a fiduciary in this
13 state pursuant to section 633.64.

14 6. For a fiduciary account governed by Iowa law, a
15 relinquishing bank or trust company may transfer the situs of
16 the fiduciary account to a jurisdiction other than Iowa if the
17 will, trust instrument, or other governing instrument of the
18 fiduciary account so provides, if all persons interested in
19 the fiduciary account consent to the transfer, or as otherwise
20 authorized by applicable law.

21 Sec. 98. Section 524.1009, Code 2021, is amended to read as
22 follows:

23 **524.1009 Succession to fiduciary accounts and appointments —**
24 **~~application for appointment of new fiduciary merger.~~**

25 1. If a party to a plan of merger was authorized to act in a
26 fiduciary capacity and if the resulting ~~state or national~~ bank
27 is similarly authorized, the resulting state or national bank
28 shall be automatically substituted by reason of the merger as
29 fiduciary of all accounts held in that capacity by such party
30 to the plan of merger, without further action and without any
31 order or decree of any court or public officer, and shall have
32 all the rights and be subject to all the obligations of such
33 party as fiduciary.

34 2. No designation, nomination, or appointment as fiduciary
35 of a party to a plan of merger shall lapse by reason of the

1 merger. The resulting ~~state or national~~ bank, if authorized
2 to act in a fiduciary capacity, shall be entitled to act
3 as fiduciary pursuant to each designation, nomination, or
4 appointment to the same extent as the party to the plan of
5 merger so named could have acted in the absence of the merger.

6 2A. The relinquishing bank shall provide, at least twenty
7 days preceding the effective date for the succession of
8 the fiduciary accounts, notice of the pending succession,
9 as required by chapter 633, 633A, 633B, or any other
10 applicable chapter, to all persons shown in the records of
11 the relinquishing bank to have a beneficial interest in the
12 fiduciary accounts or entitled to notice or an accounting under
13 the terms of the will, trust instrument, or other governing
14 instrument of the fiduciary account, chapter 633, 633A, or
15 633B, or other applicable statute under which the relinquishing
16 bank has been operating as a fiduciary. In order to account
17 for unknown or prospective appointments, the relinquishing bank
18 shall publish a notice of the succession to fiduciary accounts
19 in a newspaper published in the county of the principal place
20 of business of the relinquishing bank, and the notice must be
21 published on the relinquishing bank's internet site for at
22 least twenty days preceding the effective date of the merger.
23 For any fiduciary accounts that are employee benefit plans, the
24 relinquishing bank may satisfy this subsection by sending the
25 required notice to the plan sponsors.

26 3. Any person with an interest in an account held in a
27 fiduciary capacity by a party to a plan of merger may, within
28 sixty days after ~~the effective date of the merger~~ the mailing
29 and publication of the notice, apply to the district court in
30 the county in which the ~~resulting state or national bank has~~
31 ~~its principal place of business~~, notice is published for the
32 appointment of a new fiduciary to replace the resulting ~~state~~
33 ~~or national~~ bank on the ground that the merger will adversely
34 affect the administration of the fiduciary account. The court
35 shall have the discretion to appoint a new fiduciary to replace

1 the resulting ~~state or national~~ bank if it should find, upon
2 hearing after notice to all interested parties, that the merger
3 will adversely affect the administration of the fiduciary
4 account and that the appointment of a new fiduciary will be
5 in the best interests of the beneficiaries of the fiduciary
6 account. This provision is in addition to any other provision
7 of law governing the removal of fiduciaries and is subject to
8 the terms upon which the party to the plan of merger which held
9 the fiduciary account was designated as fiduciary.

10 4. The resulting bank shall record a copy of the articles
11 of merger in the county recorder's office of all counties in
12 which the fiduciary accounts of the relinquishing bank owned
13 real estate prior to the effective date of the merger.

14 Sec. 99. Section 524.1106, Code 2021, is amended to read as
15 follows:

16 **524.1106 Fees paid to an affiliate — approval by**
17 **superintendent.**

18 Any contract or arrangement for management or financial
19 services which involves payment for these services by a state
20 bank to a person who owns shares in that state bank, or to any
21 other affiliate, must be ~~approved by the superintendent prior~~
22 ~~to such contract or arrangement becoming binding upon the state~~
23 ~~bank~~ made in compliance with 12 U.S.C. §371c and 12 U.S.C.
24 §371c-1, and may also be reviewed by the superintendent at any
25 time after original approval. Any contract or arrangement for
26 consultation or other services which involve payment of those
27 services by a state bank to any person who individually or
28 whose spouse or immediate family or any combination thereof
29 owns fifteen percent or more of the outstanding shares of
30 that state bank or is an officer or director thereof, or to
31 an affiliate may be reviewed by the superintendent. Fees
32 paid to an affiliate must be substantially the same as those
33 prevailing at the time for comparable transactions involving
34 nonaffiliated companies in accordance with the provisions of
35 12 U.S.C. §371c-1. The superintendent shall have authority to

1 determine whether or not such fees are reasonable in relation
2 to the services performed, and if the superintendent determines
3 they are unreasonable, to require that they be reduced to a
4 reasonable amount or eliminated and the excess refunded, or
5 that such contract or arrangement not be entered into by the
6 state bank.

7 Sec. 100. Section 524.1201, Code 2021, is amended to read
8 as follows:

9 **524.1201 General provisions.**

10 1. A state bank may establish and operate any number of bank
11 offices at any location ~~in this state~~ subject to the approval
12 and regulation of the superintendent. The superintendent
13 shall supervise and regulate all out-of-state branches and
14 offices of a state bank. A bank office may furnish all banking
15 services ordinarily furnished to customers and depositors
16 at the principal place of business of the state bank which
17 operates the office, ~~and a bank office manager or an officer~~
18 ~~of the bank shall be physically present at each bank office~~
19 ~~during a majority of its business hours.~~ The central executive
20 and official business and principal recordkeeping functions of
21 a state bank shall be exercised only at its principal place
22 of business or at another bank office as authorized by the
23 superintendent for these functions.

24 2. ~~Notwithstanding subsection 1,~~ data Data processing
25 services referred to in section 524.804 may be performed for
26 the state bank at some other secure location. ~~All transactions~~
27 ~~of a bank office shall be immediately transmitted to the~~
28 ~~principal place of business or other bank office authorized~~
29 ~~under subsection 1 of the state bank which operates the office,~~
30 ~~and no current recordkeeping functions shall be maintained~~
31 ~~at a bank office other than the bank office authorized under~~
32 subsection 1, except to the extent the state bank which
33 operates the office deems it desirable to keep there duplicates
34 of the records kept at the principal place of business or
35 authorized bank office of the state bank.

1 3. Notwithstanding any of the other provisions of this
2 section, original loan documentation and trust recordkeeping
3 functions may be located at any authorized bank office or at
4 any other secure location approved by the superintendent.

5 Sec. 101. Section 524.1206, Code 2021, is amended to read
6 as follows:

7 **524.1206 Identification of legally chartered name of bank —**
8 **required use of name.**

9 A ~~state or national~~ bank, at its locations in this state,
10 shall identify its principal place of business, any bank
11 office, or any bank branch in a manner which includes its
12 legally chartered name or a reasonable variation of such name.
13 A bank doing business in this state electronically shall
14 identify its legally chartered name in any online, mobile, or
15 digital customer interface. The legally chartered name of the
16 state bank, out-of-state bank, or national bank shall be used
17 in all legal documents of such bank.

18 Sec. 102. Section 524.1301, unnumbered paragraph 1, Code
19 2021, is amended to read as follows:

20 A majority of the incorporators, organizers, or initial
21 directors of a state bank that has not issued shares or has not
22 commenced business may dissolve the state bank by delivering
23 articles of dissolution to the superintendent, together with
24 the applicable filing ~~and recording fees,~~ for filing with the
25 secretary of state that set forth all of the following:

26 Sec. 103. Section 524.1303, subsection 2, Code 2021, is
27 amended to read as follows:

28 2. Upon acceptance for processing of an application for
29 approval of a plan of dissolution on forms prescribed by
30 the superintendent, the superintendent shall conduct such
31 investigation as the superintendent may deem necessary to
32 determine whether the plan of dissolution adequately protects
33 the interests of depositors, other creditors, and shareholders
34 and, if the plan of dissolution involves an acquisition of
35 assets and assumption of liabilities by another state bank,

1 whether such acquisition and assumption would be consistent
2 with adequate and sound banking and in the public interest, on
3 the basis of factors substantially similar to those set forth
4 in [section 524.1403, subsection 1](#), paragraph "d".

5 Sec. 104. Section 524.1303, subsections 3, 4, 5, and 6, Code
6 2021, are amended by striking the subsections.

7 Sec. 105. Section 524.1304, subsection 2, Code 2021, is
8 amended to read as follows:

9 2. Upon approval of the plan of voluntary dissolution by
10 the superintendent, the superintendent shall file with the
11 secretary of state articles of dissolution prepared by the
12 applicant in conformance with [section 524.1304A](#). Upon filing
13 of the articles of dissolution with the secretary of state,
14 the state bank shall cease to accept deposits or carry on its
15 business, except insofar as may be necessary for the proper
16 winding up of the business of the state bank in accordance
17 with the approved plan of dissolution. Upon request, the
18 superintendent shall expressly revoke the authorization to
19 do business of any state bank that has voluntarily dissolved
20 pursuant to this section and shall return the physical copy
21 of such state bank's authorization to do business in a manner
22 clearly indicating that the authorization has been revoked.

23 Sec. 106. Section 524.1305, subsection 1, paragraph d, Code
24 2021, is amended to read as follows:

25 ~~d. Distributing~~ Making distributions of its remaining
26 ~~property assets~~ among its shareholders according to their
27 interests.

28 Sec. 107. Section 524.1305, subsection 2, paragraph d, Code
29 2021, is amended to read as follows:

30 ~~d. Changing quorum~~ any of the following:

31 (1) Quorum or voting requirements for its board of directors
32 or shareholders; ~~changing provisions.~~

33 (2) Provisions for selection, resignation, or removal of
34 its directors or officers or both; ~~or changing provisions.~~

35 (3) Provisions for amending its bylaws.

1 Sec. 108. Section 524.1305, subsection 3, paragraphs a, b,
2 and d, Code 2021, are amended to read as follows:

3 a. By mail to each depositor and creditor, except those as
4 to whom the liability of the state bank has been assumed by
5 another financial institution insured by the federal deposit
6 insurance corporation pursuant to the plan of dissolution, at
7 their last address of record as shown upon the books of the
8 state bank, including a statement of the amount shown by the
9 books of the state bank to be due to such depositor or creditor
10 and a demand that any claim for a greater amount be filed with
11 the state bank any time before a specified date at least ninety
12 days after the date of the notice.

13 b. By mail to each lessee of a safe-deposit box and each
14 customer for whom property is held in safekeeping, except those
15 as to whom the liability of the state bank has been assumed by
16 another financial institution insured by the federal deposit
17 insurance corporation pursuant to the plan of dissolution,
18 at their last address of record as shown upon the books of
19 the state bank, including a demand that all property held in
20 a safe-deposit box or held in safekeeping by the state bank
21 be withdrawn by the person entitled to the property before a
22 specified date which is at least ninety days after the date of
23 the notice.

24 d. By a conspicuous posting at each office of the state
25 bank and by posting on the state bank's internet site for
26 at least thirty days following the filing of the articles of
27 dissolution.

28 Sec. 109. Section 524.1306, subsection 2, Code 2021, is
29 amended to read as follows:

30 2. The statement of revocation of voluntary dissolution
31 proceedings, whether by consent of shareholders or by act of
32 the state bank, shall be delivered to the superintendent,
33 together with the applicable filing ~~and recording~~ fee, who
34 shall, if the superintendent finds that they satisfy the
35 requirements of **this section**, deliver them to the secretary

1 of state for filing ~~and recording~~ in the secretary of state's
2 office, ~~and the same shall be filed and recorded in the office~~
3 ~~of the county recorder.~~

4 Sec. 110. Section 524.1308A, Code 2021, is amended by adding
5 the following new subsection:

6 NEW SUBSECTION. 5. As used in this section, the term
7 "*notice*" means as defined in section 490.141.

8 Sec. 111. Section 524.1308B, subsection 2, unnumbered
9 paragraph 1, Code 2021, is amended to read as follows:

10 A The notice made pursuant to this section must satisfy all
11 of the following requirements:

12 Sec. 112. Section 524.1308B, subsection 2, paragraph a,
13 Code 2021, is amended to read as follows:

14 a. Be published ~~at least once~~ in accordance with all of the
15 following:

16 (1) One time in a newspaper of general circulation in the
17 county where the dissolved state bank's principal office is or
18 was located.

19 (2) Be posted conspicuously for at least thirty days on the
20 dissolved state bank's internet site.

21 Sec. 113. Section 524.1309, Code 2021, is amended to read
22 as follows:

23 **524.1309 Becoming subject to chapter ~~489~~ or 490.**

24 In lieu of the dissolution procedure prescribed in sections
25 524.1303 through 524.1306, a state bank may cease to carry
26 on the business of banking and, after compliance with this
27 section, continue as a corporation subject to chapter 490, ~~or~~
28 ~~if the state bank is organized as a limited liability company~~
29 ~~under this chapter, continue as a limited liability company~~
30 ~~subject to chapter 489.~~

31 1. A state bank that has commenced business may propose
32 to voluntarily cease to carry on the business of banking and
33 become a corporation subject to chapter 490, ~~or a limited~~
34 ~~liability company subject to chapter 489,~~ upon the affirmative
35 vote of the holders of at least a majority of the shares

1 entitled to vote on such proposal, adopting a plan involving
2 both a provision for acquisition of its assets and assumption
3 of its liabilities by another state bank, national bank, or
4 other financial institution insured by the federal deposit
5 insurance corporation, and a provision for continuance of
6 its business if acquisition of its assets and assumption of
7 its liabilities is not effected, or any other plan providing
8 for the cessation of banking business and the payment of its
9 liabilities.

10 2. The application to the superintendent for approval
11 of a plan described in [subsection 1](#) shall be treated by
12 the superintendent in the same manner as an application for
13 approval of a plan of dissolution under section 524.1303,
14 subsection 2, and shall be subject to section ~~524.1303,~~
15 ~~subsection 3~~ [524.1305](#), [subsections 8 and 9](#).

16 3. Immediately upon adoption and approval of a plan to
17 voluntarily cease to carry on the business of banking and
18 become a corporation subject to [chapter 490](#), ~~or a limited~~
19 ~~liability company subject to [chapter 489](#)~~ the state bank
20 shall submit an application for the required approval by the
21 superintendent in the manner prescribed by the superintendent.
22 As part of this application, the state bank shall deliver to
23 the superintendent a plan to cease the business of banking
24 and become a corporation subject to [chapter 490](#), ~~or a limited~~
25 ~~liability company subject to [chapter 489](#)~~, which shall be
26 signed by two of its duly authorized officers and shall
27 contain the name of the state bank, the post office address
28 of its principal place of business, the name and address of
29 its officers and directors, the number of shares entitled
30 to vote on the plan and the number of shares voted for or
31 against the plan, respectively, the nature of the business
32 to be conducted by the corporation under [chapter 490](#), ~~or by~~
33 ~~the limited liability company subject to [chapter 489](#)~~, and the
34 general nature of the assets to be held by the corporation or
35 company. As part of the application, the state bank shall

1 also deliver to the superintendent articles of intent to be
2 subject to chapter 490, together with the applicable filing
3 fees, which shall set forth that the state bank has complied
4 with this section, that it intends to cease to carry on the
5 business of banking, and the information required by section
6 490.202 relative to the contents of articles of incorporation
7 under chapter 490.

8 4. Upon approval of the plan by the superintendent, the
9 state bank shall immediately surrender to the superintendent
10 its authorization to do business as a bank and shall cease
11 to accept deposits and carry on the banking business except
12 insofar as may be necessary for it to complete the settlement
13 of its affairs as a state bank in accordance with subsection
14 5. Upon request, the superintendent shall expressly revoke
15 the state bank's authorization to do business and return the
16 physical copy of such state bank's authorization to do business
17 in a manner clearly indicating that the authorization has been
18 revoked.

19 5. The board of directors has full power to complete the
20 settlement of the affairs of the state bank. Within thirty
21 days after approval by the superintendent of the plan to cease
22 the business of banking and become a corporation subject
23 to ~~chapter 490~~, or a limited liability company subject to
24 ~~chapter 489~~, the state bank shall give notice of its intent
25 to persons identified in ~~section 524.1305, subsection 3~~, in
26 the manner provided for in that subsection. In completing
27 the settlement of its affairs as a state bank, the state bank
28 shall also follow the procedure prescribed in ~~section 524.1305~~,
29 subsections 4, 5, and 6.

30 ~~6. Upon completion of all the requirements of this section,~~
31 ~~the state bank shall deliver to the superintendent articles of~~
32 ~~intent to be subject to chapter 490 or 489, together with the~~
33 ~~applicable filing and recording fees, which shall set forth~~
34 ~~that the state bank has complied with this section, that it has~~
35 ~~ceased to carry on the business of banking, and the information~~

1 required by ~~section 490.202~~ relative to the contents of
 2 articles of incorporation under ~~chapter 490~~, or articles of
 3 organization under ~~chapter 489~~. If the superintendent finds
 4 that the state bank has complied with all requirements of
 5 this section and that the articles of intent to be subject to
 6 chapter 490 ~~or 489~~ satisfy the requirements of this section,
 7 the superintendent shall deliver them to the secretary of state
 8 for filing and recording in the secretary of state's office,
 9 and the superintendent shall file and record them in the office
 10 of the county recorder.

11 7. Upon the filing of the articles of intent to be subject
 12 to chapter 490 ~~or 489~~, the state bank shall immediately
 13 cease to be a state bank subject to this chapter, and shall
 14 immediately cease to have the powers of a state bank subject
 15 to this chapter and shall become a corporation subject to
 16 chapter 490 ~~or a limited liability company subject to chapter~~
 17 ~~489~~. The secretary of state shall issue a certificate as to
 18 the filing of the articles of intent to be subject to chapter
 19 490 ~~or 489~~ and send the certificate to the corporation ~~or~~
 20 ~~limited liability company~~ or its representative. The articles
 21 of intent to be subject to chapter 490 ~~or 489~~ shall be the
 22 articles of incorporation of the corporation ~~or a limited~~
 23 ~~liability company~~. The provisions of chapter 490 ~~or 489~~
 24 becoming applicable to a corporation ~~or limited liability~~
 25 ~~company~~ formerly doing business as a state bank shall not
 26 affect any right accrued or established, or liability or
 27 penalty incurred under this chapter prior to the filing with
 28 the secretary of state of the articles of intent to be subject
 29 to chapter 490 ~~or 489~~.

30 8. A shareholder of a state bank who objects to adoption
 31 by the state bank of a plan to cease to carry on the business
 32 of banking and to continue as a corporation subject to chapter
 33 490, ~~or a limited liability company subject to chapter 489~~,
 34 is entitled to appraisal rights provided for in chapter 490,
 35 subchapter XIII, ~~or in chapter 489, section 489.604~~.

1 9. A state bank, at any time prior to the approval of the
2 articles of intent to become subject to **chapter 490** ~~or 489~~,
3 may revoke the proceedings in the manner prescribed by section
4 524.1306.

5 Sec. 114. Section 524.1310, subsection 1, paragraph a, Code
6 2021, is amended to read as follows:

7 a. In a situation in which the superintendent has required,
8 in accordance with section ~~524.226~~ 524.224, that the state
9 bank cease to carry on its business, the superintendent shall
10 immediately tender to the federal deposit insurance corporation
11 the receivership for the state bank. The affairs of the state
12 bank shall thereafter be governed by **this section**, section
13 524.1311, and the provisions of federal law, and shall be
14 subject to federal court jurisdiction, and the assets of the
15 state bank shall be distributed in accordance with section
16 524.1312. If there is a conflict between the provisions of
17 state and federal law, federal law shall govern.

18 Sec. 115. Section 524.1311, subsection 2, Code 2021, is
19 amended to read as follows:

20 2. After the involuntary dissolution of a state bank, the
21 superintendent shall file notice of the dissolution with the
22 secretary of state ~~and the county recorder of the county in~~
23 ~~which the state bank is located~~. No fee shall be charged by
24 the secretary of state ~~or the county recorder~~ for the filing
25 ~~or recording~~. The corporate existence of the state bank
26 shall cease upon filing of the notice of dissolution with the
27 secretary of state.

28 Sec. 116. Section 524.1401, Code 2021, is amended to read
29 as follows:

30 **524.1401 Authority to merge.**

31 1. Upon compliance with the requirements of **this chapter**,
32 one or more state banks, one or more out-of-state banks, one or
33 more national banks, one or more federal savings associations,
34 one or more corporations, or any combination of these entities,
35 with the approval of the superintendent, may merge into a state

1 bank pursuant to a plan of merger.

2 2. Upon compliance with the requirements of [this chapter](#),
 3 one or more state banks may merge into a national bank, federal
 4 savings association, or out-of-state bank. The authority of
 5 a state bank to merge into a national bank or federal savings
 6 association is subject to the condition that at the time of the
 7 transaction the laws of the United States shall authorize a
 8 national bank or federal savings association located in this
 9 state, without approval by the comptroller of the currency of
 10 the United States, to merge into a state bank under limitations
 11 no more restrictive than those contained in [this chapter](#) with
 12 respect to the merger of a state bank into a national bank or
 13 federal savings association. The authority of a state bank to
 14 merge into an out-of-state bank is subject to the condition
 15 that at the time of the transaction the laws of the home state
 16 of the resulting bank shall authorize a bank organized under
 17 the laws of such home state, without approval by the home
 18 state's bank regulatory authority, to merge into a state bank
 19 under limitations no more restrictive than those contained in
 20 this chapter with respect to the merger of a state bank into an
 21 out-of-state bank.

22 ~~3. Upon compliance with the requirements of [this chapter](#),~~
 23 ~~one or more state banks may merge with one or more federal~~
 24 ~~associations. The authority of a state bank to merge into a~~
 25 ~~federal association is subject to the conditions the laws of~~
 26 ~~the United States authorize at the time of the transaction.~~

27 ~~4.~~ 3. As used in [this section](#), the term "merger" or "merge"
 28 means any plan by which the assets and liabilities of an
 29 entity are combined with those of one or more other entities,
 30 including transactions in which one of the corporate entities
 31 survives and transactions in which a new corporate entity is
 32 created.

33 Sec. 117. Section 524.1402, Code 2021, is amended to read
 34 as follows:

35 **524.1402 Requirements for a merger.**

1 The requirements for a merger which must be satisfied by the
2 parties to the merger are as follows:

3 1. The parties shall adopt a plan ~~stating of merger which~~
4 must include all of the following:

5 ~~a. The names of the parties proposing to merge and the name~~
6 ~~of the bank into which they propose to merge, which is the~~
7 ~~"resulting bank".~~

8 a. As to each party to the merger, the party's name,
9 jurisdiction of formation, and type of entity.

10 b. The resulting bank's name, jurisdiction of formation, and
11 type of entity, and, if the resulting bank is to be created in
12 the merger, a statement to that effect.

13 ~~b. c.~~ The terms and conditions of the proposed merger.

14 ~~c. d.~~ The manner and basis of converting the shares of each
15 party into any combination of shares, obligations, or other
16 securities of the resulting bank or of any other corporation,
17 or, in whole or in part, into cash or other property,
18 obligations, rights to acquire shares or other securities,
19 cash, or other property.

20 ~~d. e.~~ The rights of the shareholders of each of the
21 parties.

22 ~~e. f.~~ An agreement concerning the merger.

23 ~~f. g.~~ Such other provisions with respect to the proposed
24 merger which are deemed necessary or desirable.

25 2. In the case of a state bank which is a party to the
26 plan of merger, if the proposed merger will result in a state
27 bank subject to [this chapter](#), adoption of the plan of merger
28 by such state bank requires the affirmative vote of at least
29 a majority of the directors and approval by the shareholders,
30 in the manner and according to the procedures prescribed in
31 section 490.1104, at a meeting called in accordance with
32 the terms of that section. In the case of a national bank,
33 or if the proposed merger will result in a national bank,
34 adoption of the plan of merger by each party to the merger
35 shall require the affirmative vote of at least such directors

1 and shareholders whose affirmative vote on the plan of merger
2 is required under the laws of the United States. Subject to
3 applicable requirements of the laws of the United States in a
4 case in which a national bank is a party to a plan of merger,
5 any modification of a plan of merger which has been adopted
6 shall be made by any method provided in the plan of merger, or
7 in the absence of such provision, by the same vote as required
8 for adoption.

9 3. If a proposed merger will result in a state bank,
10 application for the required approval by the superintendent
11 shall be made in the manner prescribed by the superintendent.
12 There shall also be delivered to the superintendent, when
13 available, the following:

14 a. Articles of merger.

15 b. Applicable fees payable to the secretary of state, as
16 specified in [section 490.122](#), for the filing ~~and recording~~ of
17 the articles of merger.

18 c. If there is any modification of the plan of merger at
19 any time prior to the approval by the superintendent under
20 section 524.1403, an amendment of the application and, if
21 necessary, of the articles of merger, signed in the same manner
22 as the originals, setting forth the modification of the plan of
23 merger, the method by which the modification was adopted and
24 any related change in the provisions of the articles of merger.

25 ~~d. Proof of publication of the notice required by subsection~~
26 ~~4.~~

27 ~~4. If a proposed merger will result in a state bank, within~~
28 ~~thirty days after the application for merger is accepted for~~
29 ~~processing, the parties to the plan shall publish a notice of~~
30 ~~the proposed transaction in a newspaper of general circulation~~
31 ~~published in the municipal corporation or unincorporated~~
32 ~~area in which each party to the plan has its principal place~~
33 ~~of business, or if there is none, in a newspaper of general~~
34 ~~circulation published in the county, or in a county adjoining~~
35 ~~the county, in which each party to the plan has its principal~~

~~1 place of business. The notice shall be on forms prescribed by
2 the superintendent and shall set forth the names of the parties
3 to the plan and the resulting state bank, the location and
4 post office address of the principal place of business of the
5 resulting state bank and of each office to be maintained by
6 the resulting state bank, and the purpose or purposes of the
7 resulting state bank. Proof of publication of the notice shall
8 be delivered to the superintendent within fourteen days.~~

~~9 5. Within thirty days after the date of the publication of
10 the notice required under subsection 4, any interested person
11 may submit to the superintendent written comments and data
12 on the application. Comments challenging the legality of an
13 application shall be submitted separately in writing. The
14 superintendent may extend the thirty-day comment period if, in
15 the superintendent's judgment, extenuating circumstances exist.~~

~~16 6. Within thirty days after the date of the publication
17 of the notice required under subsection 4, any interested
18 person may submit to the superintendent a written request for a
19 hearing on the application. The request shall state the nature
20 of the issues or facts to be presented and the reasons why
21 written submissions would be insufficient to make an adequate
22 presentation to the superintendent. If the reasons are related
23 to factual disputes, the disputes shall be described. Written
24 requests for hearings shall be evaluated by the superintendent,
25 who may grant or deny such requests in whole or in part. A
26 hearing request shall generally be granted only if it is
27 determined that written submissions would be inadequate or that
28 a hearing would otherwise be beneficial to the decision-making
29 process. A hearing may be limited to issues considered
30 material by the superintendent.~~

~~31 7. If a request for a hearing is denied, the superintendent
32 shall notify the applicant and all interested persons and
33 shall state the reasons for the denial. Interested persons
34 may submit to the superintendent, with simultaneous copies
35 to the applicant, additional written comments or data on the~~

1 ~~application within fourteen days after the date of the notice~~
2 ~~of denial. The applicant shall be provided an additional seven~~
3 ~~days, after the fourteen-day deadline has expired, within which~~
4 ~~to respond to any comments submitted within the fourteen-day~~
5 ~~period. The superintendent may waive this seven-day period~~
6 ~~upon request by the applicant. A copy of any response~~
7 ~~submitted by the applicant shall also be mailed simultaneously~~
8 ~~by the applicant to the interested persons.~~

9 ~~8.~~ 4. The articles of merger shall be signed by ~~two~~ a duly
10 authorized ~~officers~~ officer of each party to the plan of merger
11 and shall contain all of the following:

12 a. The ~~names~~ name, jurisdiction of formation, and type
13 of entity of the ~~parties~~ each party to the plan, ~~and of the~~
14 ~~resulting state bank~~ of merger.

15 b. The name, jurisdiction of formation, and type of entity
16 of the resulting state bank.

17 ~~b.~~ c. The location and the post office address of the
18 principal place of business of each party to the plan of
19 merger, and of each additional office maintained by the parties
20 to the plan of merger, and the location and post office address
21 of the principal place of business of the resulting state bank,
22 and of each additional office to be maintained by the resulting
23 state bank.

24 ~~c.~~ d. The votes by which the plan of merger was adopted,
25 and the date and place of each meeting in connection with such
26 adoption.

27 ~~d.~~ e. The number of directors constituting the board of
28 directors, and the names ~~and addresses~~ of the individuals who
29 are to serve as directors until the next annual meeting of the
30 shareholders or until their successors be elected and qualify.

31 ~~e.~~ f. Any amendment of the articles of incorporation of the
32 resulting state bank.

33 ~~f.~~ The plan of merger.

34 ~~9.~~ 5. If a proposed merger will result in a national bank,
35 federal savings association, or out-of-state bank, a state bank

1 which is a party to the plan of merger shall do all of the
2 following:

3 *a.* Notify the superintendent of the proposed merger.

4 *b.* Provide such evidence of the adoption of the plan of
5 merger as the superintendent may request.

6 *c.* Notify the superintendent of any abandonment or
7 disapproval of the plan of merger.

8 *d.* File with the superintendent and with the secretary of
9 state evidence of approval of the merger by the comptroller
10 of the currency of the United States if the merger results
11 in a national bank or federal savings association, or the
12 approval of the merger by the home state chartering authority
13 of the resulting out-of-state bank if the merger results in an
14 out-of-state bank.

15 *e.* Notify the superintendent of the date upon which the
16 merger is to become effective.

17 Sec. 118. Section 524.1403, Code 2021, is amended to read
18 as follows:

19 **524.1403 Approval of merger by superintendent.**

20 1. Upon receipt of an application for approval of a
21 merger and of the supporting items required by section
22 524.1402, subsection 3, the superintendent shall conduct
23 such investigation as the superintendent deems necessary to
24 ascertain the following:

25 *a.* The articles of merger and supporting items satisfy the
26 requirements of [this chapter](#).

27 *b.* The plan of merger and any modification of the plan of
28 merger adequately protects the interests of depositors, other
29 creditors and shareholders.

30 *c.* The requirements for a merger under all applicable laws
31 have been satisfied and the resulting state bank would satisfy
32 the requirements of [this chapter](#) with respect to it.

33 *d.* The merger would be consistent with adequate and
34 sound banking and in the public interest on the basis of
35 the financial history and condition of the parties to the

1 plan, including the adequacy of the capital structure of
2 the resulting state bank, the character of the management
3 of the resulting state bank, the potential effect of the
4 merger on competition, and the convenience and needs of the
5 area primarily to be served by the resulting state bank,
6 particularly the resulting state bank's plans to accept
7 deposits from, lend money in, and process payments in the area
8 primarily to be served by the resulting state bank.

9 2. a. Within one hundred eighty days after acceptance of
10 the application for processing, or within an additional period
11 of not more than sixty days after receipt of an amendment of
12 the application, the superintendent shall approve or disapprove
13 the application on the basis of the investigation. The plan of
14 merger shall not be modified at any time after approval of the
15 application by the superintendent.

16 b. ~~If the superintendent finds that the superintendent~~
17 ~~must act immediately on the pending application in order to~~
18 ~~protect the interests of depositors or the assets of any~~
19 ~~party to the plan, the superintendent may proceed without~~
20 ~~requiring publication of the notice required under section~~
21 ~~524.1402, subsection 4.~~ As a condition of receiving the
22 decision of the superintendent with respect to the pending
23 application, the parties to the plan of merger shall reimburse
24 the superintendent for all the expenses incurred in connection
25 with the application. The superintendent shall give to the
26 parties to the plan of merger written notice of the decision
27 and, in the event of disapproval, a statement of the reasons
28 for the decision. The decision of the superintendent shall be
29 subject to judicial review pursuant to [chapter 17A](#).

30 Sec. 119. Section 524.1404, Code 2021, is amended to read
31 as follows:

32 **524.1404 Procedure after approval by the superintendent —**
33 **issuance of certificate of merger.**

34 If applicable state or federal laws require the approval of
35 the merger by a federal or state agency, the superintendent may

1 withhold delivery of the approved articles of merger until the
2 superintendent receives notice of the decision of such agency.
3 If the final approval of the agency is not given within six
4 months of the superintendent's approval, the superintendent
5 shall notify the parties to the plan of merger that the
6 approval of the superintendent has been rescinded for that
7 reason. If such agency gives its approval, the superintendent
8 shall deliver the articles of merger, with the superintendent's
9 approval indicated on the articles, to the secretary of state,
10 and shall notify the parties to the plan of merger. The
11 receipt of the approved articles of merger by the secretary of
12 state constitutes filing of the articles of merger with that
13 office. ~~The secretary of state shall record the articles of~~
14 ~~merger, and the articles shall be filed and recorded in the~~
15 ~~office of the county recorder in each county in which the~~
16 ~~parties to the plan had previously maintained a principal place~~
17 ~~of business.~~ On the date upon which the merger is effective
18 the secretary of state shall issue a certificate of merger and
19 send the same to the resulting state bank and a copy of the
20 certificate of merger to the superintendent.

21 Sec. 120. Section 524.1405, subsection 2, Code 2021, is
22 amended by striking the subsection and inserting in lieu
23 thereof the following:

24 2. When a merger takes effect, all of the following apply:

25 a. Every other financial institution to the merger merges
26 into the surviving financial institution and the separate
27 existence of every party except the surviving financial
28 institution ceases.

29 b. All property owned by, and every contract right possessed
30 by, each financial institution or other authorized entity that
31 is a party to the merger, other than the resulting bank, are
32 the property and contract rights of the resulting bank without
33 transfer, reversion, or impairment.

34 c. All debts, obligations, and other liabilities of each
35 financial institution or other authorized entity that is a

1 party to the merger, other than the resulting bank, are debts,
2 obligations, or liabilities of the resulting bank.

3 *d.* The name of the survivor may, but need not be,
4 substituted in any pending proceeding for the name of any party
5 to the merger whose separate existence ceased in the merger.

6 *e.* For a resulting state bank, the articles of incorporation
7 of the resulting state bank are amended to the extent provided
8 in the articles of merger.

9 *f.* The articles of incorporation of a resulting state bank
10 that is created by the merger become effective.

11 *g.* The shares of each financial institution or authorized
12 entity that is a party to the merger, that are to be converted
13 in accordance with the terms of the merger into any combination
14 of shares or other securities, obligations, rights to acquire
15 shares or other securities, cash, or other property, are
16 converted, and the former holders of such shares are entitled
17 only to the rights provided in the articles of merger or to
18 their rights under section 524.1406.

19 *h.* Except as provided by law or the terms of the merger,
20 all the rights, privileges, franchises, and immunities of each
21 financial institution or other authorized entity that is a
22 party to the merger, other than the resulting bank, are the
23 rights, privileges, franchises, and immunities of the resulting
24 bank.

25 Sec. 121. Section 524.1405, Code 2021, is amended by adding
26 the following new subsection:

27 NEW SUBSECTION. 3. Upon request, the superintendent shall
28 expressly revoke the authorization to do business of any state
29 bank that is a party to the merger, other than the resulting
30 state bank, and shall return the physical copy of such state
31 bank's authorization to do business in a manner clearly
32 indicating that the authorization has been revoked.

33 Sec. 122. Section 524.1406, Code 2021, is amended to read
34 as follows:

35 **524.1406 Appraisal rights of shareholders.**

1 1. A shareholder of a state bank, which is a party to a
2 proposed ~~merger~~ plan of merger which will result in a state
3 bank subject to [this chapter](#), who objects to the plan of merger
4 is entitled to appraisal rights as provided in chapter 490,
5 subchapter XIII.

6 2. If a shareholder of a national bank which is a party to
7 a proposed ~~merger~~ plan of merger which will result in a state
8 bank, or a shareholder of a state bank which is a party to a
9 plan of merger which will result in a national bank, objects to
10 the plan of merger and complies with the requirements of the
11 applicable laws of the United States, the resulting state bank
12 or national bank, as the case may be, is liable for the value of
13 the shareholder's shares as determined in accordance with such
14 laws of the United States.

15 Sec. 123. Section 524.1408, Code 2021, is amended to read
16 as follows:

17 **524.1408 Merger of corporation or limited liability company**
18 **substantially owned by a state bank.**

19 A state bank owning at least ninety percent of the
20 outstanding shares, of each class, of another corporation
21 or limited liability company which it is authorized to own
22 under [this chapter](#) may merge the other corporation or limited
23 liability company into itself without approval by a vote of
24 the shareholders of either the state bank or the subsidiary
25 corporation or limited liability company. The board of
26 directors of the state bank shall approve a plan of merger,
27 mail the plan of merger to shareholders of record of the
28 subsidiary corporation or holders of membership interests in
29 the subsidiary limited liability company, and prepare and
30 execute articles of merger in the manner provided for in
31 section 490.1105. The articles of merger, together with the
32 applicable filing ~~and recording~~ fees, shall be delivered to
33 the superintendent who shall, if the superintendent approves
34 of the proposed merger and if the superintendent finds the
35 articles of merger satisfy the requirements of [this section](#),

1 deliver them to the secretary of state for filing ~~and recording~~
2 in the secretary of state's office, ~~and they shall be filed~~
3 ~~in the office of the county recorder.~~ The secretary of state
4 upon filing the articles of merger shall issue a certificate of
5 merger and send the certificate to the state bank and a copy of
6 it to the superintendent.

7 Sec. 124. Section 524.1409, Code 2021, is amended to read
8 as follows:

9 **524.1409 Conversion of national bank, ~~or~~ federal savings**
10 **association, out-of-state bank, or state or federally chartered**
11 **credit union into state bank.**

12 A national bank or federal savings association, an
13 out-of-state bank, or a state or federally chartered credit
14 union may, subject to the provisions of **this chapter,** may
15 convert into a state bank upon authorization by and compliance
16 with the laws of the United States, adoption of a plan of
17 conversion by the affirmative vote of at least a majority
18 of its directors and the holders of two-thirds of each
19 class of its shares at a meeting held upon not less than ten
20 days' notice to all shareholders, and upon approval of the
21 superintendent.

22 Sec. 125. Section 524.1410, Code 2021, is amended to read
23 as follows:

24 **524.1410 Application for approval by superintendent.**

25 A national bank or federal savings association, out-of-state
26 bank, or a state or federally chartered credit union shall
27 make an application to the superintendent for approval of the
28 conversion in a manner prescribed by the superintendent and
29 shall deliver to the superintendent, when available:

30 1. Articles of conversion.

31 ~~2. As soon as available, proof of publication of the notice~~
32 ~~required by **section 524.1412.**~~

33 ~~3.~~ 2. The applicable fee payable to the secretary of state,
34 under **section 490.122,** for the filing ~~and recording~~ of the
35 articles of conversion.

1 Sec. 126. Section 524.1411, unnumbered paragraph 1, Code
2 2021, is amended to read as follows:

3 The articles of conversion shall be signed by two duly
4 authorized officers of the national bank or federal savings
5 association, out-of-state bank, or state or federally chartered
6 credit union, and shall contain all of the following:

7 Sec. 127. Section 524.1411, subsection 1, Code 2021, is
8 amended to read as follows:

9 1. The name of the national bank or federal savings
10 association, out-of-state bank, or state or federally chartered
11 credit union, and the name of the resulting state bank.

12 Sec. 128. Section 524.1413, subsection 2, Code 2021, is
13 amended to read as follows:

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

1 Sec. 129. Section 524.1414, Code 2021, is amended to read
2 as follows:

3 **524.1414 Receipt by secretary of state — ~~county recorder.~~**

4 The receipt of the approved articles of conversion by
5 the secretary of state constitutes filing of the articles of
6 conversion with that office. ~~The secretary of state shall~~
7 ~~record the articles of conversion and the articles shall be~~
8 ~~filed and recorded in the office of the county recorder in the~~
9 ~~county in which the resulting state bank has its principal~~
10 ~~place of business.~~

11 Sec. 130. Section 524.1415, Code 2021, is amended to read
12 as follows:

13 **524.1415 Effect of filing of articles of conversion with**
14 **secretary of state.**

15 1. The conversion is effective upon the filing of the
16 articles of conversion with the secretary of state, or at any
17 later date and time as specified in the articles of conversion.
18 The acknowledgment of filing is conclusive evidence of the
19 performance of all conditions required by [this chapter](#) for
20 conversion of a national bank or federal savings association,
21 out-of-state bank, or state or federally chartered credit union
22 into a state bank, except as against the state.

23 2. When a conversion becomes effective, the existence of
24 the national bank or federal savings association, out-of-state
25 bank, or state or federally chartered credit union shall
26 continue in the resulting state bank which shall have all the
27 property, rights, powers, and duties of the national bank or
28 federal savings association, out-of-state bank, or state or
29 federally chartered credit union, except that the resulting
30 state bank shall have only the authority to engage in such
31 business and exercise such powers as it would have, and shall
32 be subject to the same prohibitions and limitations to which
33 it would be subject, upon original incorporation under this
34 chapter. The articles of incorporation of the resulting
35 state bank shall be the provisions stated in the articles of

1 conversion.

2 3. A liability of the national bank or federal savings
3 association, out-of-state bank, or state or federally chartered
4 credit union, or of the national bank's or federal savings
5 association's, out-of-state bank's, or state or federally
6 chartered credit union's shareholders, directors, or officers,
7 is not affected by the conversion. A lien on any property of
8 the national bank or federal savings association, out-of-state
9 bank, or state or federally chartered credit union is not
10 impaired by the conversion. A claim existing or action pending
11 by or against the national bank or federal savings association,
12 out-of-state bank, or state or federally chartered credit union
13 may be prosecuted to judgment as if the conversion had not
14 taken place, or the resulting state bank may be substituted in
15 its place.

16 4. The title to all real estate and other property owned by
17 the converting national bank or federal savings association,
18 out-of-state bank, or state or federally chartered credit union
19 is vested in the resulting state bank without reversion or
20 impairment.

21 Sec. 131. Section 524.1416, Code 2021, is amended by adding
22 the following new subsection:

23 NEW SUBSECTION. 3. Upon request, the superintendent shall
24 expressly revoke the authorization to do business of any state
25 bank that converts into a national bank or federal savings
26 association pursuant to this section and shall return the
27 physical copy of such state bank's authorization to do business
28 in a manner clearly indicating that the authorization has been
29 revoked.

30 Sec. 132. Section 524.1417, subsection 2, Code 2021, is
31 amended to read as follows:

32 2. If a shareholder of a national bank, ~~or~~ federal savings
33 association, or out-of-state bank, or a member of a state or
34 federally chartered credit union, that converts into a state
35 bank objects to the plan of conversion and complies with

1 the requirements of applicable laws of the United States,
2 the resulting state bank is liable for the value of the
3 ~~shareholder's~~ shares as determined in accordance with such laws
4 of the United States.

5 Sec. 133. Section 524.1421, subsection 2, paragraph d, Code
6 2021, is amended to read as follows:

7 *d.* The applicable fee payable to the secretary of state,
8 under [section 490.122](#), for the filing ~~and recording~~ of the
9 articles of conversion.

10 Sec. 134. Section 524.1422, Code 2021, is amended to read
11 as follows:

12 **524.1422 Notice of mutual to stock conversion.**

13 Within thirty days after an application for conversion has
14 been accepted for processing, the mutual corporation, mutual
15 holding company, federal mutual association, or federal mutual
16 holding company shall publish a notice of the delivery of the
17 articles of conversion to the superintendent in a newspaper of
18 general circulation published in the municipal corporation or
19 unincorporated area in which the mutual corporation, mutual
20 holding company, federal mutual association, or federal mutual
21 holding company has its principal place of business, or if
22 there is none, a newspaper of general circulation published
23 in the county, or in a county adjoining the county, in which
24 the mutual corporation, mutual holding company, federal
25 mutual association, or federal mutual holding company has its
26 principal place of business. A copy of the notice shall also
27 be posted on the internet site of the mutual corporation,
28 mutual holding company, federal mutual association, or federal
29 mutual holding company for at least thirty days. The notice
30 shall set forth the information required by the superintendent.

31 Sec. 135. Section 524.1502, subsection 3, Code 2021, is
32 amended to read as follows:

33 3. Adoption of each amendment shall require the affirmative
34 vote of the holders of a majority of the shares entitled
35 to vote thereon and, if any class or series is entitled to

1 vote ~~thereon~~ on the amendment as a ~~class~~ separate group, the
2 affirmative vote of the holders of a majority of the shares of
3 each class or series entitled to vote ~~thereon as a class~~ on the
4 amendment by that separate group.

5 Sec. 136. Section 524.1503, subsections 1, 3, and 4, Code
6 2021, are amended to read as follows:

- 7 1. The holders of the outstanding shares of a class are
8 entitled to vote as a separate voting group on a proposed
9 amendment if the amendment ~~does~~ would do any of the following:
- 10 a. ~~Increases~~ Increase or ~~decreases~~ decrease the aggregate
11 number of authorized shares of the class.
- 12 b. ~~Increases~~ Increase or ~~decreases~~ decrease the par value of
13 the shares of the class.
- 14 c. ~~Effects~~ Effect an exchange or reclassification of all or
15 part of the shares of the class into shares of another class
16 or effects a cancellation of all or part of the shares of the
17 class.
- 18 d. ~~Effects~~ Effect an exchange or reclassification, or
19 creates the right of exchange, of all or part of the shares of
20 another class into shares of that class.
- 21 e. ~~Changes~~ Change the designation, rights, preferences, or
22 limitations of all or part of the shares of the class.
- 23 f. ~~Changes~~ Change the shares of all or part of the class
24 into a different number of shares of the same class.
- 25 g. ~~Creates~~ Create a new class of shares having rights or
26 preferences with respect to distributions or to dissolution
27 that are prior, superior, or substantially equal to the shares
28 of the class.
- 29 h. ~~Increases~~ Increase the rights, preferences, or number
30 of authorized shares of any class that, after giving effect
31 to the amendment, have rights or preferences with respect to
32 distributions or to dissolution that are prior, superior, or
33 substantially equal to the shares of the class.
- 34 i. ~~Limits~~ Limit or ~~denies~~ deny an existing preemptive right
35 of all or part of the shares of the class.

1 ~~j. Cancels~~ Cancel or otherwise ~~affects~~ affect rights to
2 distributions or dividends that have accumulated but not yet
3 been declared on all or part of the shares of the class.

4 3. If a proposed amendment that entitles two or more classes
5 or series of shares to vote as separate voting groups under
6 this section would affect those two or more classes or series
7 in the same or a substantially similar way, the shares of all
8 the classes or series so affected must vote together as a
9 single voting group on the proposed amendment.

10 4. A class or series of shares is entitled to the voting
11 rights granted by this section ~~although~~ even if the articles of
12 incorporation provide that the shares are nonvoting shares.

13 Sec. 137. Section 524.1504, subsection 1, paragraphs c and
14 e, Code 2021, are amended to read as follows:

15 c. The text of each amendment adopted, ~~which shall be set~~
16 ~~forth in full.~~

17 e. For a state bank incorporated as a stock corporation, the
18 number of shares entitled to vote on the amendment, and if the
19 shares of any class are entitled to vote thereon as a class,
20 the number of shares of each class. For a mutual corporation,
21 the number of member votes entitled to be cast.

22 Sec. 138. Section 524.1504, subsection 2, Code 2021, is
23 amended to read as follows:

24 2. The articles of amendment shall be delivered to the
25 superintendent together with the applicable fees for the filing
26 ~~and recording~~ of the articles of amendment.

27 Sec. 139. Section 524.1506, subsection 1, Code 2021, is
28 amended to read as follows:

29 1. ~~The secretary of state shall record the articles of~~
30 ~~amendment, and the articles of amendment shall be filed in the~~
31 ~~office of the county recorder in the county in which the state~~
32 ~~bank has its principal place of business.~~ The secretary of
33 state upon the filing of the articles of amendment shall issue
34 a certificate of amendment and send the same to the state bank.

35 Sec. 140. Section 524.1508, subsection 4, Code 2021, is

1 amended to read as follows:

2 4. The restated articles of incorporation shall be
3 delivered to the superintendent together with the applicable
4 fees for the filing ~~and recording~~ of the restated articles
5 of incorporation. The superintendent shall conduct such
6 investigation and give approval or disapproval, as provided in
7 section 524.1505. If the superintendent approves the restated
8 articles of incorporation, the superintendent shall deliver
9 them with the written approval on the restated articles of
10 incorporation to the secretary of state for filing, ~~and the~~
11 ~~restated articles of incorporation shall be filed in the office~~
12 ~~of the county recorder.~~ The secretary of state upon filing
13 the restated articles of incorporation shall issue a restated
14 certificate of incorporation and send the certificate to the
15 state bank or its representative.

16 Sec. 141. Section 524.1601, Code 2021, is amended by adding
17 the following new subsections:

18 NEW SUBSECTION. 5. In addition to the criminal penalties
19 provided in subsections 1, 2, 3, and 4, the superintendent may
20 impose a civil penalty on any director, officer, or employee
21 of a state bank or bank holding company for any violation
22 enumerated in subsection 1, 2, 3, or 4. The amount of the
23 civil penalty imposed shall be determined in the same manner
24 as prescribed by those subsections for calculating criminal
25 penalties.

26 NEW SUBSECTION. 6. The superintendent may impose an initial
27 civil penalty of up to five hundred thousand dollars on any
28 director or officer of a state bank which closes a transaction
29 without first receiving the approval of the superintendent
30 in violation of section 524.1304, 524.1309, 524.1403, or
31 524.1408, or which closes a transaction in violation of section
32 524.1401, subsection 2. The superintendent may also impose a
33 civil penalty of up to ten thousand dollars on any director or
34 officer of a state bank for each day on which the state bank
35 operates after closing a transaction without first receiving

1 the approval of the superintendent in violation of section
2 524.1304, 524.1309, 524.1403, or 524.1408, or which closes a
3 transaction in violation of section 524.1401, subsection 2.
4 Civil penalties imposed on a director or officer of a state
5 bank in accordance with this subsection shall be in addition
6 to any penalties imposed on any other director or officer of
7 the state bank pursuant to this subsection or on the state bank
8 pursuant to section 524.1602, subsection 2.

9 Sec. 142. Section 524.1602, Code 2021, is amended to read
10 as follows:

11 **524.1602 Penalties applicable to state bank.**

12 1. The superintendent may impose a penalty on a state bank
13 of up to one thousand dollars for each day:

14 ~~1-~~ a. That it holds investments for its own account in
15 bonds or securities in violation of [section 524.901](#).

16 ~~2-~~ b. On which it accepts and holds drafts in violation of
17 section 524.903.

18 ~~3-~~ c. On which it has money loaned, credit extended or
19 holds discounted or purchased evidences of indebtedness or
20 agreements for the payment of money, in violation of sections
21 524.904 through 524.907.

22 ~~4-~~ d. On which it has money loaned, invested or is
23 otherwise in violation of [section 524.1102](#) or [524.1104](#).

24 ~~5-~~ e. On which it publishes, disseminates, or distributes
25 any advertising containing any false, misleading, or deceptive
26 statements concerning rates, terms, and conditions on which
27 loans are made or deposits are received, in violation of
28 section 524.1606.

29 2. The superintendent may impose an initial penalty of
30 up to five hundred thousand dollars on a state bank which
31 closes a transaction without first receiving the approval
32 of the superintendent in violation of section 524.1304,
33 524.1309, 524.1403, or 524.1408, or which closes a transaction
34 in violation of section 524.1401, subsection 2. The
35 superintendent may also impose a penalty on a state bank of up

1 to ten thousand dollars for each day on which it operates after
2 closing a transaction without first receiving the approval of
3 the superintendent in violation of section 524.1304, 524.1309,
4 524.1403, or 524.1408, or which closes a transaction in
5 violation of section 524.1401, subsection 2.

6 Sec. 143. Section 524.1801, unnumbered paragraph 1, Code
7 2021, is amended to read as follows:

8 As used in this ~~chapter~~ subchapter unless the context
9 otherwise requires:

10 Sec. 144. Section 524.1802, subsection 1, paragraph h, Code
11 2021, is amended to read as follows:

12 *h.* *"Incorporated in any state"* means a ~~limited liability~~
13 ~~company organized as a state bank under this chapter and a~~
14 limited liability company organized as a state bank under the
15 laws of any state as defined in 12 U.S.C. §1813(a)(3).

16 Sec. 145. Section 524.1805, subsections 1, 2, 3, 4, and 5,
17 Code 2021, are amended by striking the subsections.

18 Sec. 146. Section 524.2001, Code 2021, is amended to read
19 as follows:

20 **524.2001 Applicability of other chapters.**

21 Chapters ~~489,~~ 490, 491, 492, and 493 do not apply to banks
22 except as provided by this chapter.

23 Sec. 147. REPEAL. Sections 524.226, 524.302A, 524.314,
24 524.315, 524.1008, 524.1205, and 524.1412, Code 2021, are
25 repealed.

26 EXPLANATION

27 The inclusion of this explanation does not constitute agreement with
28 the explanation's substance by the members of the general assembly.

29 This bill relates to banks, makes appropriations, provides
30 penalties, and makes penalties applicable.

31 The bill modifies numerous provisions of Code chapter 524,
32 and makes conforming changes to Code sections 12.61, 422.61,
33 and 453A.8.

34 The bill adds the following new defined terms to Code section
35 524.103: "affiliate", "national bank", "out-of-state bank",

1 and "safe deposit box". Additionally, the bill modifies the
2 following defined terms in Code section 524.103: "articles
3 of incorporation", "bank", "board of directors", "business
4 of banking", "calculation date", "chief executive officer",
5 "contractual commitment to advance funds", "director",
6 "executive officer", "insured bank", "member", "membership
7 interest", "officer", "operations subsidiary", "shareholder",
8 "shares", "state bank", "supervised financial organization",
9 and "unincorporated area". The bill strikes from Code section
10 524.103 the term "manager".

11 The bill establishes who will serve as the superintendent
12 of banking when the office is vacant or the superintendent is
13 unable to serve. The bill modifies the rights and obligations
14 of the superintendent, including the superintendent's rights
15 and obligations with respect to ordering a state bank to cease
16 to carry on business. Additionally, the bill amends Code
17 section 524.207, which appropriates money from the department
18 of commerce revolving fund to the division of banking. The
19 bill provides that the amount of the appropriation from the
20 department of commerce revolving fund is determined by the
21 amount of fees and assessments paid to the superintendent.

22 The bill modifies the type of entity a state bank may utilize
23 when incorporating and modifies the steps in the incorporation
24 process.

25 The bill amends provisions of Code chapter 524, subchapter
26 V, related to fractional shares, record dates, voting lists,
27 share information that is required to be included in the state
28 bank's articles of incorporation, and voting by a member of a
29 mutual corporation.

30 The bill provides for the participation in a meeting of
31 the directors and the notice required in conjunction with
32 the meetings. Additionally, the bill establishes who may
33 administer an oath to a director.

34 The bill modifies provisions relating to the decisions of
35 officers that do not require shareholder approval.

1 The bill establishes the types and amounts of assets that
2 state banks are authorized to hold and invest in. The bill
3 authorizes state banks to conduct certain activities in
4 electronic form. Additionally, the bill modifies provisions
5 related to safe deposit boxes.

6 The bill amends provisions related to a state bank's ability
7 to invest in certain public welfare investments, when a state
8 bank may purchase cash value life insurance contracts, and
9 real property purchased by a state bank at a foreclosure sale.
10 Additionally, the bill modifies provisions related to the
11 granting of loans and extensions of credit by a state bank.

12 The bill modifies provisions related to when a state bank
13 is required to cease acting as a fiduciary, the duties of a
14 temporary fiduciary, the voluntary relinquishment of fiduciary
15 capacity, and the succession of fiduciary accounts.

16 The bill requires that fees paid to an affiliate must be made
17 in compliance with 12 U.S.C. §371c and 12 U.S.C. §371c-1.

18 The bill amends provisions related to the superintendent's
19 authority over out-of-state offices of a state bank.
20 Additionally, the bill establishes where data processing
21 services may take place. The bill requires a bank doing
22 business in this state electronically to identify its legally
23 chartered name in any online interface.

24 The bill makes syntax and terminology changes to Code
25 sections 524.1301, 524.1303, 524.1305, and 524.1306.
26 Additionally, the bill modifies provisions related to a state
27 bank ceasing to carry on the business of banking and continuing
28 as a corporation.

29 The bill modifies provisions relating to the types of
30 entities that may merge into a state bank and the types of
31 entities a state bank may merge into. The bill establishes
32 information that must be included in the articles of merger and
33 the plan of merger. Additionally, the bill provides for the
34 types of entities that may convert into a state bank and the
35 requirements related to articles of conversion.

1 The bill modifies provisions related to the affirmative vote
2 required of a class or series of shares to adopt an amendment
3 to the state bank's articles of incorporation. The bill makes
4 syntax and terminology changes to Code section 524.1503.

5 The bill authorizes the superintendent to impose civil
6 penalties on a director, officer, or employee of a state bank
7 or bank holding company in enumerated instances.

8 The bill strikes subsections 1 through 5 from Code
9 section 524.1805, which provide restrictions on mergers and
10 acquisitions.

11 The bill modifies Code section 524.2001 to strike the
12 reference to Code chapter 489, the revised uniform limited
13 liability company Act.

14 The bill repeals Code section 524.226, which provides for
15 the management of a state bank by the superintendent after
16 taking over the management of the property and business of the
17 state bank.

18 The bill repeals Code section 524.302A, which provides for
19 the requirements associated with articles of incorporation for
20 state banks organized as limited liability companies.

21 The bill repeals Code section 524.314, which provides for
22 the renewal of the corporate existence of state banks existing
23 and operating on January 1, 1970.

24 The bill repeals Code section 524.315, which provides that
25 state banks organized as limited liability companies are also
26 subject to Code chapter 489.

27 The bill repeals Code section 524.1008, which provides for
28 the succession of fiduciary accounts to an independent bank.

29 The bill repeals Code section 524.1205, which allows a state
30 bank to acquire, establish, operate, or relocate a branch in
31 a state other than this state.

32 The bill repeals Code section 524.1412, which provides for
33 publication of notice after the superintendent accepted the
34 application for conversion.