**IOWA DIVISION OF BANKING**

**AMENDMENTS TO PROVISIONS OF SF 586**

**11/28/22**

1. **Summary of Proposal**

This proposal summarizes the issues the IDOB has identified as necessary or desirable to correct certain provisions of chapter 524 that were adopted in SF 586. Item 2 adds language directing the superintendent to consider the plans of Iowa banks to accept deposits, make loans, and process payments in their primary service area when evaluating a proposed change in control. SF 586 added virtually identical language to the relevant approval provisions regarding proposed de novo banks and proposed bank mergers but neglected to make the same addition in the change of control provision in 524.544.

The proposed amendments in items 1, 3, and 6 address the notice requirements for special meetings of shareholders (1) and the board of directors (3), as well as notices to known creditors of a bank in certain circumstances (6). SF 586 amended the “notice” provisions in these sections to expressly reference the new definition of “notice” in the Model Corporations Act (section 490.141). This new definition incorporates email and other widely used electronic means of notification and SF 586 sought to authorize banks to be able to use these same provisions. But SF 586 failed to delete the potentially contradictory langue in items 1 and 3 requiring notice to be given “either personally or by mail” at least 2 days ahead of the meeting. This “personally or by mail” requirement does not suit the intent of the new definition of “notice” and the bill proposes to remove that phrase to remove any doubt about the ability to notify directors by electronic means. Each of these proposed items clarifies that delivery of a notice may be given by any means authorized under 490.141. Item 1 (section 524.533) also proposes new language about when a notice to shareholders is deemed “delivered” for purposes of the statute since the current language also arguably creates confusion between chapter 524 and chapter 490.

The final items (4-5) relate to the new authority for Iowa banks to invest in tax equity financing transactions. This was added to section 524.901 as a new subsection and was inadvertently not grouped with the other, similar permissible investments already authorized under section 524.901(7) (e.g., public welfare investments, economic/community development projects located in Iowa). As a result, under the current statute Iowa banks may invest up to 15% of aggregate capital (5% in any one project) in projects or investments authorized by 524.901(7) and another, separate 15% of aggregate capital (again, 5% in any one project) in tax equity financing projects under new subsection 524.901(11). The language below is intended to correct this by grouping these investments together in one investment “bucket” subject to one combined investment limit. The proposed language also increases the total investment amount permitted in this “bucket” by amending section 524.901(7)(b) to increase the amount from the current 15% of aggregate capital to 20% of aggregate capital.