

CHAPTER 30

BANKS AND BANKING

AN ACT (1) to amend section ninety-one hundred thirty-six (9136) of the code, 1927, relating to the number of examiners and office help; (2) to amend section ninety-one hundred thirty-seven (9137) of the code, 1927, relating to transferring powers to state banking board; (3) relating to investment restrictions of state banks and trust companies; (4) repealing sections ninety-one hundred sixty (9160) and ninety-two hundred six (9206) of the code, 1927, relating to minimum capitalization of banks; amending chapter four hundred fifteen (415) of the code, 1927, relating to banks and trust companies; (5) requiring larger surplus accounts; (6) prohibiting sale of securities unless authorized by board of directors; (7) to amend section ninety-two hundred fifty-seven (9257) of the code, 1927, authorizing superintendent of banks to require financial statements of stockholders; (8) to cancel unused charters; (9) to amend sections ninety-one hundred sixty-six (9166) and ninety-two hundred thirteen (9213) of the code, 1927, relating to the minimum holdings to qualify as directors; (10) limiting the rate of interest on time deposits; (11) creating certain preferences in the assets of closed banking institutions; (12) repealing section nine thousand one hundred sixty-seven (9167) and amending section nine thousand two hundred twenty-four (9224) of the code, 1927, relating to boards of directors; (13) amending section nine thousand one hundred forty (9140) of the code, 1927, relating to financial statement from borrowers; (14) prohibiting accepting gifts or gratuities for purpose of loans; (15) to amend section ninety-one hundred eighty-four (9184) of the code, 1927, and to prohibit purchasing or loaning on bank's own shares as security; (16) to amend section ninety-two hundred twenty (9220) of the code, 1927, limiting loans to officers of banks and trust companies; (17) prohibiting certifying checks or issuing certificates of deposit without funds deposited; (18) making bank examination information confidential; (19) repealing section ninety-two hundred twenty-two (9222) of the code, 1927, relating to indebtedness; (20) to amend section ninety-two hundred ninety-seven (9297) of the code, 1927, to clarify bank's authority to borrow money; (21) requiring authority from board to pledge bank's assets; (22) requiring officers and employees to be bonded; (23) to amend section seven thousand three (7003) of the code, 1927, to tax surplus and undivided profits as moneys and credits; (24) authorizing putting up collateral to secure public and such other funds; (25) relating to false statements for credit; (26) to amend sections one hundred forty (140), four thousand three hundred nineteen (4319), five thousand five hundred forty-eight (5548), five thousand six hundred fifty-one (5651) and seven thousand four hundred four (7404) of the code, 1927, relating to rate of interest on public funds; (27) to amend section thirteen thousand thirty-seven (13037) of the code, 1927, relating to embezzlement of mortgaged property; (28) relating to false reports against banks and trust companies; (29) to amend section ninety-five hundred forty-five (9545) of the code, 1927, relating to legal holidays; (30) amending section ninety-two hundred eighty (9280) of the code, 1927, relating to insolvent institutions; (31) to repeal sections ninety-two hundred one (9201) and ninety-two hundred sixteen (9216) of the code, 1927, relating to reserves and to enact a substitute therefor; (32) to amend section ninety-two hundred twenty-three (9223) of the code, 1927, relating to loans on non-perishable security and live stock; (33) to amend sections ninety-one hundred ninety-two (9192) and ninety-two hundred nine (9209) of the code, 1927, to authorize issuing shares of stock of less than one hundred dollars (\$100.00) par value; (34) to fix liability in safe deposit business; (35) repeal; (36) act deemed separable; (37) publication clause.

Be it enacted by the General Assembly of the State of Iowa:

1 SECTION 1. Fixing number of bank examiners and department
 2 office help. That section ninety-one hundred thirty-six (9136) of the
 3 code, 1927, be and the same is hereby amended by striking out the
 4 words "one hundred" in line four (4) and inserting in lieu thereof,
 5 the word "fifty" and by striking out the word "two" in line sixteen
 6 (16) and inserting in lieu thereof the word "one", and by striking
 7 from line twenty-one (21) thereof the words "with the approval of
 8 the executive council" and inserting in lieu thereof the words "with
 9 the approval of the state banking board".

1 **SEC. 2. Transferring powers to banking board.** That section ninety-
2 one hundred thirty-seven (9137) of the code, 1927, be and the same
3 is hereby amended by striking out the words "by the executive coun-
4 cil" in line ten (10) thereof and inserting in lieu thereof the words
5 "by the state banking board".

1 **SEC. 3. Making savings bank investment restrictions apply to state**
2 **banks and trust companies.** The provisions governing the investment
3 of funds or capital, all money deposited therein and all gains and
4 profits of savings banks shall apply with equal force and effect to all
5 state banks and trust companies.

1 **SEC. 4. Relating to minimum capitalization of banks.** Sections
2 ninety-one hundred sixty (9160) and ninety-two hundred six (9206)
3 of the code, 1927, are hereby repealed.

4 Chapter four hundred fifteen (415), code, 1927, is amended by in-
5 serting the following:

6 The paid up capital of state and savings banks and trust companies
7 shall be:

8 (a) In villages, towns and cities having a population of three thou-
9 sand (3,000) or less, not less than twenty-five thousand dollars
10 (\$25,000.00);

11 (b) In cities and towns having a population from three thousand
12 (3,000) but not exceeding six thousand (6,000), not less than fifty
13 thousand dollars (\$50,000.00);

14 (c) In cities and towns having a population over six thousand
15 (6,000), not less than one hundred thousand dollars (\$100,000.00).

16 This section shall not apply to state and savings banks and trust
17 companies already established.

1 **SEC. 5. Building up surplus accounts.** No banking institution or-
2 ganized under the laws of this state shall declare or pay any dividend
3 until it has first established a surplus of at least twenty per cent
4 (20%) of its capital. Whenever such banking institution has created
5 a surplus of twenty per cent (20%), it shall credit to surplus from net
6 earnings not less than ten per cent (10%) thereof each year until a
7 surplus of fifty per cent (50%) of the capital has been created. There-
8 after each such institution shall maintain a surplus equal to at least
9 fifty per cent (50%) of its capital, and any reduction of said surplus
10 shall be restored in the same manner as originally created as provided
11 herein.

1 **SEC. 6. Unlawful to sell securities unless authorized to do so by**
2 **board.** It shall be unlawful for any officer, or employee of any bank or
3 trust company to offer for sale or promote the sale of any stock, real
4 estate, policies for life or fire insurance, bonds or other securities
5 unless the sale of the same shall have been sanctioned and approved
6 by the board of directors and said approval entered of record.

7 Any officer or employee violating the provisions of this section
8 shall be guilty of a misdemeanor, and shall be punished accordingly.

1 **SEC. 7. Superintendent may require financial statements of stock-**
2 **holders.** Section nine thousand two hundred fifty-seven (9257) of the
3 code, 1927, is hereby amended by adding thereto the following:

4 In addition to such list the superintendent of banking is authorized

5 to require the president or cashier to furnish him with financial state-
6 ments of the stockholders.

1 **SEC. 8. Cancelling unused charters.** In the event that any state or
2 savings bank, or trust company which has heretofore been granted a
3 charter or may hereafter be granted a charter to transact business
4 within the state fails to transact the business or perform the duties
5 contemplated by such charter, the superintendent of banking may
6 certify to the attorney general such facts and the attorney general
7 may thereupon file a petition in the district court of the county in
8 which any such institution is located, and upon the presentation of
9 such petition to the district court an order shall issue setting the date
10 of hearing and prescribing notice thereof, and upon completed service
11 of said notice, hearing shall be had and the court may enter an order
12 cancelling such charter and make any further order necessary to
13 terminate the affairs of said corporation.

1 **SEC. 9. Minimum holdings to qualify as directors.** That sections
2 ninety-one hundred sixty-six (9166) and ninety-two hundred thirteen
3 (9213) of the code, 1927, be and the same are hereby repealed and the
4 following enacted in lieu thereof:

5 No person shall be eligible as director of any savings or state bank
6 or trust company, nor can that person qualify or serve as such, unless
7 that person owns in his or her own right, shares of stock in such bank
8 or trust company as follows:

9 (a) In those having a capital of less than thirty thousand dollars
10 (\$30,000), shares of stock the par value of which shall be two hundred
11 dollars (\$200.00) or more.

12 (b) In those having a capital of thirty thousand dollars (\$30,000)
13 or more, shares of stock the par value of which shall be five hundred
14 dollars (\$500.00) or more.

15 The foregoing requirements shall apply to all existing banks and
16 trust companies on January 1, 1930, provided that if the charters of
17 said institutions shall be renewed prior to that date, said provisions
18 shall apply on date of renewal of said charter. Said provision shall
19 apply at once to charters of all new banks or new trust companies
20 before they are permitted to commence business.

1 **SEC. 10. Limiting rate of interest on time deposits.** No banking
2 institution or trust company under the jurisdiction of the banking
3 department shall pay interest on savings accounts or certificates of
4 deposit or on any other time deposit at a rate greater than four per
5 cent (4%) per annum, payable semi-annually. No interest in any
6 event shall be paid upon such time deposits for any period less than
7 three (3) months. Any savings accounts or time deposits bearing
8 interest at a rate greater than four per cent (4%) per annum shall
9 be considered borrowed money and shall be so reported to the super-
10 intendent of banking.

11 The provisions of this section shall not take effect until January 1,
12 1930.

1 **SEC. 11. Making bank drafts and cashiers' checks preferred.** Any
2 draft, or cashiers' check issued and drawn against actual existing
3 values by any bank or trust company prior to its failure or closing and
4 given in payment of clearings and any money paid in the usual course

5 of business to any bank, or trust company for the purchase of a draft
6 for the bona fide transfer of funds shall be a preferred claim against
7 the assets of the bank or trust company.

1 **SEC. 12. Relating to boards of directors.** (a) Section ninety-one
2 hundred sixty-seven (9167), code, 1927, is repealed.

3 (b) Section ninety-two hundred twenty-four (9224) code, 1927, is
4 amended and codified to read as follows:

5 9224. Each director of all state banks, savings banks, and trust
6 companies, before acting as such, shall take an oath that he will
7 diligently, faithfully, and impartially perform the duties imposed
8 upon him by law, that he will not knowingly violate or willingly permit
9 to be violated any of its provisions, that he is the bona fide owner in
10 his own right of the number of shares of stock required to be owned
11 by him as provided in this chapter; that the same is not hypothecated
12 nor in any manner pledged as security for any loan obtained or debt
13 owing by him, which oath shall be signed by such director and certi-
14 fied by the officer before whom it is taken, and filed with, and pre-
15 served in the office of, the superintendent of banking.

16 Such board of directors shall hold at least one (1) meeting each
17 calendar month. At its annual meeting the board shall appoint from
18 its members an examining committee of not less than two, which shall
19 examine the condition of the bank, at least every quarter, and report
20 the same in writing duly signed to the board, which shall cause said
21 report to be recorded in the directors' minute book of the bank. The
22 superintendent of banking, with the approval of the state banking
23 board, may remove any director from office for failure to attend such
24 meetings except for good cause shown.

1 **SEC. 13. Requiring financial statements from borrowers.** Section
2 ninety-one hundred forty (9140) of the code, 1927, is amended by
3 adding thereto the following: The superintendent of banking shall
4 have power to adopt and promulgate such rules and regulations as
5 in his opinion will be necessary to properly and effectively carry out
6 and enforce the provisions of this section. He may require, when-
7 ever in his judgment it would promote and strengthen the banking
8 industry to do so, that unsecured loans in amounts exceeding five hun-
9 dred dollars (\$500.00) shall not be made except when the request
10 therefor is accompanied by a satisfactory financial statement of such
11 character and setting out such facts as he shall direct. Such financial
12 statement shall be held in strict confidence by the bank to which it
13 is given. Such financial statement shall be attached to the note and,
14 upon request of the borrower, returned to the borrower with the can-
15 celled note when the note is paid.

1 **SEC. 14. Prohibiting accepting gifts or gratuities for purpose of**
2 **loans.** No loan or investment shall be made from the funds of any
3 state bank, savings bank or trust company directly or indirectly except
4 by an active executive officer, and any active executive officer making
5 any loan or investment from the funds of said bank or trust company
6 under or from which or in connection with which he receives or is to
7 receive any gift, gratuity or compensation whatsoever shall be guilty
8 of a misdemeanor and shall be punished accordingly.

1 **SEC. 15. Purchasing or loaning on bank's own shares as security.**

2 That section ninety-one hundred eighty-four (9184) of the code, 1927,
 3 be and the same is hereby amended by striking all following the word
 4 "security" in line four (4) and inserting in lieu thereof a period (.).
 5 No state bank, savings bank, or trust company shall make any loan
 6 or discount on the security of the shares of its own capital stock, or
 7 be the purchaser or holder of any shares, unless such security or pur-
 8 chase shall be necessary to prevent loss upon a debt previously con-
 9 tracted in good faith, and stock so purchased or acquired shall be
 10 sold at public or private sale, or otherwise disposed of, within one (1)
 11 year from the time of its purchase or acquisition unless the time is
 12 extended by the superintendent of banking. State banks, savings
 13 banks, and trust companies shall have prior lien on their debtors'
 14 shares of stock for all obligations to the bank subject, however, to
 15 loans against the stock which the bank has acknowledged by written
 16 notice.

1 SEC. 16. Limiting loans to officers of banks and trust companies.
 2 That section ninety-two hundred twenty (9220) of the code, 1927,
 3 be and the same is hereby amended by adding thereto the following:

4 No active executive officer of any state bank, savings bank, or trust
 5 company shall use or borrow for himself, directly or indirectly, any
 6 money or other property belonging to any state bank, savings bank
 7 or trust company of which he is an officer, in excess of ten per cent
 8 (10%) of the capital and surplus of such bank or trust company, nor
 9 shall the total amount loaned to all such active executive officers of
 10 any bank or trust company exceed twenty-five per cent (25%) of
 11 the capital and surplus of such bank or trust company. Where loans
 12 are made to such active executive officers they must first be approved
 13 by a majority of the board of directors, said approval to be in writing
 14 and the active executive officer to whom said loans are made, not
 15 voting. The form of said approval shall be as follows:

16 We, the undersigned, constituting a majority of the.....
 17 of the..... bank or
 18 trust company, do hereby approve a loan of \$.....
 19 to.....; it appearing that said loan is not more
 20 than ten per cent (10%) of the capital stock and surplus of.....
 21 bank or trust company; it further appearing that
 22 said loan will not make the aggregate of loans to said active executive
 23 officers more than twenty-five per cent (25%) of the capital and sur-
 24 plus of the bank or trust company.

25
 26
 27
 28

29 Dated this day of....., 19....

30 Provided, if any such active executive officer shall own a majority
 31 of the stock of any other corporation a loan to that corporation shall
 32 be considered for the purpose of this section as a loan to him.

1 SEC. 17. Prohibiting certifying checks or issuing certificates of
 2 deposit without funds deposited. Any officer of a state or savings
 3 bank or trust company, who shall certify any check, when there are
 4 not sufficient funds on hand available to the credit of the drawer
 5 of said check to pay the same, or who shall issue any certificate of

6 deposit when funds have not been deposited equal in amount to said
7 certificate, shall be deemed guilty of a misdemeanor, and upon con-
8 viction shall be punished by imprisonment in the county jail for a
9 period not exceeding one (1) year, or by a fine not exceeding one
10 thousand dollars (\$1,000.00), or by both such fine and imprisonment.

1 **SEC. 18. Bank examination information to be confidential.** The in-
2 formation received or obtained by any examination of any bank or
3 trust company shall not be divulged or offered in evidence in any
4 court in this state except in such actions as are brought by the super-
5 intendent of banking or under the criminal provision.

1 **SEC. 19. Repealing section 9222 of the code relating to indebted-**
2 **ness.** That the law as it appears in section ninety-two hundred
3 twenty-two (9222) of the code, 1927, be and the same is hereby re-
4 pealed.

1 **SEC. 20. Clearing and amplifying law on bank's right to borrow**
2 **money by "bills payable".** That the law as it appears in section ninety-
3 two hundred ninety-seven (9297) of the code, 1927, be and the same
4 is hereby amended by striking out all of the section following the
5 comma (,) after the word "depositors" in line five (5) thereof, and
6 by inserting in lieu thereof the following:

7 "to maintain proper legal reserves and for other corporate purposes,
8 and the directors of said trust company, state or savings bank shall
9 have the right to pledge as security for said indebtedness or liability
10 such assets of said bank or trust company as may be necessary. Noth-
11 ing herein contained shall limit the issuance by trust companies, of
12 debentures or bonds, the actual payment of which shall be secured by
13 an actual transfer of real estate securities in manner and form as pro-
14 vided in paragraph two (2) section eighty-three hundred fifty-two
15 (8352)."

1 **SEC. 21. Authority required before pledging bank's assets.** The
2 cashier or any other officer or employee shall have no power to pledge
3 or hypothecate any notes, bonds or other obligations owned by said
4 bank or trust company until such power and authority shall have been
5 given, at least annually, to such cashier or other officer or employee
6 pursuant to a resolution by the board of directors, a written record
7 of which proceedings shall first have been made; and a certified copy
8 of said resolution signed by the president and cashier with the cor-
9 porate seal annexed, shall be conclusive evidence of the grant of such
10 power. All acts of pledging or hypothecation done by the cashier or
11 other officer or employee of such bank or trust company without the
12 authority from the board of directors shall be null and void, and any
13 such cashier or other officer or employee violating the provisions of
14 this section shall be guilty of embezzlement and shall on conviction
15 thereof be imprisoned in the penitentiary not to exceed twenty (20)
16 years.

1 **SEC. 22. Requiring officers and employees to be bonded.** The officers
2 and employees of any state bank, savings bank or trust company
3 having the care, custody or control of any funds or securities for any
4 such bank or trust company, shall give a good and sufficient bond in
5 a company authorized to do business in this state indemnifying the

6 said bank or trust company against all losses, which may be incurred
7 by reason of any act or acts of fraud, dishonesty, forgery, theft, lar-
8 ceny, embezzlement, wrongful abstraction, mis-application, misappro-
9 priation or other criminal act committed by such officer or employee
10 directly or through connivance with others, until all of his accounts
11 with the said bank or trust company shall have been fully settled and
12 satisfied. The amounts and sureties shall be subject to the approval
13 of the board of directors of any such bank or trust company. The
14 premium on said bonds shall be paid by the said bank or trust com-
15 pany.

1 **SEC. 23. Taxing surplus and undivided profits as moneys and cred-**
2 **its.** That section seven thousand three (7003) of the code, 1927, be
3 and the same is hereby amended by striking from lines two (2) and
4 three (3) thereof the words "surplus and undivided earnings" and
5 adding at the end of said section the following:

6 "All surplus and undivided profits of such bank or trust company
7 shall be taxed as moneys and credits".

1 **SEC. 24. Authorizing state and savings banks and trust companies**
2 **to put up collateral to secure public funds and such other funds.** State
3 and savings banks and trust companies when authorized by the super-
4 intendent of banks may pledge a portion of their assets to secure pub-
5 lic funds and such other funds as may be authorized by the superin-
6 tendent of banking.

1 **SEC. 25. False statements for credit.** That any person (1) who shall
2 knowingly make or cause to be made, either directly or indirectly, or
3 through any agency whatsoever, any false statement in writing, with
4 intent that it shall be relied upon, and with intent to defraud respect-
5 ing the financial condition, or means or ability to pay, of himself or
6 of any other person, firm or corporation, in which he is interested,
7 or for whom he is acting, for the purpose of procuring and does
8 thereby procure in any form whatsoever, either the delivery of per-
9 sonal property, the payment of cash, the making of a loan or credit,
10 the extension of a credit, the discount of an account receivable, or the
11 making, acceptance, discount, sale or endorsement of a bill of ex-
12 change, or promissory note, for the benefit of either himself or of such
13 person, firm or corporation; or (2) who, knowing that a false state-
14 ment in writing has been made, respecting the financial condition or
15 means or ability to pay, of himself, or of such person, firm or corpora-
16 tion, in which he is interested, or for whom he is acting, procures,
17 upon the faith thereof, for the benefit either of himself, or of such
18 person, firm or corporation, either or any of the things of benefit
19 mentioned in the first subdivision of this section; or (3) who, knowing
20 that a statement in writing has been made, respecting the financial
21 condition or means or ability to pay of himself or of such person, firm
22 or corporation, in which he is interested, or for whom he is acting,
23 with intent to defraud represents on a later day, in writing that such
24 statement theretofore made, if then again made on said day, would
25 then be true, when in fact, said statement if then made would be
26 false, and procures upon the faith thereof, for the benefit either of
27 himself or such person, firm or corporation, either or any of the things
28 of benefit mentioned in the first subdivision of this section;

29 Shall be guilty of a misdemeanor and upon conviction thereof shall
30 be punished accordingly.

1 **SEC. 26. Interest on public funds.** That section one hundred forty
2 (140) of the code, 1927, be and the same is hereby amended by strik-
3 ing therefrom the words "two and one-half per cent per annum"; and
4 that sections seventy-four hundred four (7404), fifty-six hundred
5 fifty-one (5651), forty-three hundred nineteen (4319), and fifty-five
6 hundred forty-eight (5548), all of the code 1927, be and the same are
7 hereby amended by striking from each of said sections the words "two
8 and one-half per cent per annum on ninety per cent of the daily bal-
9 ances" and inserting in lieu thereof in each of said sections one hun-
10 dred forty (140), seventy-four hundred four (7404), fifty-six hundred
11 fifty-one (5651), forty-three hundred nineteen (4319), and fifty-five
12 hundred forty-eight (5548), the following:—

13 "two per cent (2%) per annum on ninety per cent (90%) of the
14 collected daily balances."

15 Provided that the provisions of this section shall apply from and
16 after January 1st, 1930.

1 **SEC. 27. Embezzlement of mortgaged property.** That section thir-
2 teen thousand thirty-seven (13037) of the code, 1927, be and the
3 same is hereby amended by adding thereto the following:

4 Failure to produce the property specifically described in such mort-
5 gage or conditional bill of sale and existing and owned by the mort-
6 gator or debtor at the time it was executed in accordance with the
7 terms thereof, shall be prima facie evidence that the property de-
8 scribed in such mortgage or conditional bill of sale has been destroyed,
9 concealed, sold, or otherwise disposed of by the mortgagor or pur-
10 chaser. Nothing herein contained shall relieve the mortgagee or seller
11 under conditional bill of sale from making demand for satisfaction
12 or return of the property conveyed by such mortgage or conditional
13 bill of sale.

1 **SEC. 28. False reports against banks and trust companies.** Who-
2 ever maliciously or with intent to deceive makes, publishes, utters,
3 repeats, or circulates any false report concerning any bank or trust
4 company which imputes, or tends to impute, insolvency or unsound
5 financial condition or financial embarrassment, or which may tend to
6 cause or provoke or aid in causing or provoking a general withdrawal
7 of deposits from such bank or trust company, or which may otherwise
8 injure or tend to injure the business or good will of such bank or
9 trust company, shall be guilty of a felony and shall be fined not more
10 than five thousand dollars (\$5,000.00) or imprisoned for not more
11 than five (5) years in the penitentiary or be punished by both such
12 fine and imprisonment.

1 **SEC. 29. To make Monday legal holiday following a Sunday upon**
2 **which a present legal holiday falls.** That section ninety-five hundred
3 forty-five (9545) of the code, 1927, be and the same is hereby amended
4 by inserting at the end of line seven (7) thereof the following:

5 "and the following Monday, whenever any of the foregoing named
6 legal holidays may fall on a Sunday".

1 **SEC. 30. Amending penalty statute relating to receiving deposits**

2 when institution insolvent. That section ninety-two hundred eighty
3 (9280) of the code, 1927, be and the same is hereby amended by in-
4 serting after the word "knowingly", the spelling of which is com-
5 pleted in line eight (8) thereof, the following:

6 "with intent to defraud or receiving financial benefit therefrom".

1 SEC. 31. Cash reserve fund required. That sections ninety-two
2 hundred one (9201) and ninety-two hundred sixteen (9216) of the
3 code, 1927, are hereby repealed.

4 Chapter four hundred fifteen (415) of the code, 1927, is amended
5 by inserting immediately after section ninety-two hundred seventy
6 (9270) the following:

7 "State and savings banks and trust companies doing a commercial
8 business and not located in a reserve city as now or hereafter defined
9 under the provisions of the federal reserve act, as amended, shall
10 hold and maintain an actual net balance equal to not less than seven
11 per cent (7%) of the aggregate amount of its demand deposits and
12 three per cent (3%) of its time deposits.

13 "State and savings banks and trust companies doing a commercial
14 business and that may be located in reserve cities as now or hereafter
15 defined by the federal reserve act as amended shall hold and maintain
16 an actual net balance equal to not less than ten per cent (10%)
17 of the aggregate amount of its demand deposits and three
18 per cent (3%) of its time deposits; Provided, however, that
19 if located in the outlying districts of a reserve city or in territory
20 added to such a city by the extension of its corporate charter it may
21 upon the approval of the superintendent of banking and state banking
22 board, hold and maintain reserve balances specified for those banks
23 not located in reserve cities.

24 "All savings banks, doing exclusive savings bank business shall at all
25 times keep a cash fund equal to eight per cent (8%) of their deposits.

26 "Eighty-five per cent (85%) of such reserve fund required under the
27 provisions of this section for all banks and trust companies located
28 either in or outside of reserve cities may be kept on deposit subject
29 to call, with other banks organized under state or national laws".

1 SEC. 32. Loans on non-perishable security and live stock. That
2 section ninety-two hundred twenty-three (9223) of the code, 1927,
3 be and the same is hereby amended by adding at the end of said sec-
4 tion the following:

5 "Obligation of any person, co-partnership, association or corporation
6 in the form of notes or drafts secured by shipping documents, ware-
7 house receipts or similar documents transferring or securing title
8 covering readily marketable non-perishable staples when such prop-
9 erty is fully covered by insurance shall be subject under this section
10 to a limitation of twenty per cent (20%) of such capital and surplus.
11 Provided, however, that such obligations in amounts not to exceed
12 forty per cent (40%) of such capital and surplus may be permitted
13 when the market value at any time is not less than one hundred
14 twenty per cent (120%) of the face amount of such obligation, pro-
15 vided further that if such obligations are secured by instruments
16 securing title covering live stock or by a first lien on live stock with
17 sufficient corn and rough feed to fatten said live stock during the
18 term of the note and given for not more than the purchase price of

19 said live stock, they shall be subject under this section to a limitation
20 of forty per cent (40%) of such capital and surplus”.

1 **SEC. 33. Shares of stock of less than \$100 par value.** That section
2 ninety-one hundred ninety-two (9192) of the code, 1927, be and the
3 same is hereby amended by inserting before the comma (,) in line
4 three (3) thereof the following:—

5 “or into shares of such less amount as may be provided in the
6 articles of incorporation”.

7 That section ninety-two hundred nine (9209) of the code, 1927, be
8 and the same is hereby amended by striking from line two (2) thereof
9 the word “hereafter” and inserting before the comma (,) in line three
10 (3) thereof the following:—

11 “or into shares of such less amount as may be provided in the
12 articles of incorporation”.

13 The capital of trust companies shall be divided into shares of one
14 hundred dollars (\$100.00) each or into shares of such less amount
15 as may be provided in the articles of incorporation.

1 **SEC. 34. Fixing liability in safe deposit business of banks and trust
2 companies.** That any corporation, partnership or person engaged in
3 the business of renting out lock boxes as safes, for storage or safe
4 keeping of securities and valuables, in a vault in a building under the
5 control of the corporation, partnership or person, so engaged within
6 this state, may in any lease or contract governing or regulating the
7 use of any such box to or by any customer or customers, limit its
8 liability, as such lessor or bailee in any of the following respects:—

9 Limit its liability for any loss by negligence to such maximum
10 amount as may be so stipulated, not less however than three hundred
11 (300) times the annual rental of such box or safe.

12 Stipulate they shall in no event be liable for loss of money, jewelry
13 or such other articles as may be so excepted against in such lease or
14 contract.

15 Stipulate that evidence tending to prove that securities, money,
16 valuables or other articles were left in any such box, or safe upon the
17 last entry by such customer or his authorized agent, and that the
18 same or any part thereof were found missing upon subsequent entry,
19 shall not be sufficient to raise a presumption that the same were
20 lost by any negligence or wrongdoing for which such lessor is re-
21 sponsible, or put upon the lessor the burden of proof that such alleged
22 loss was not the fault of the lessor.

1 **SEC. 35. Repeal.** All acts or parts of acts in conflict with the pro-
2 visions hereof are hereby repealed.

1 **SEC. 36. Act deemed separable.** This act is deemed to be separable
2 and if any section thereof is held to be void, it shall not avoid the
3 other sections of this act.

1 **SEC. 37. Publication clause.** This act being deemed of immediate
2 importance shall be in full force and effect from and after its pub-
3 lication in the Mt. Pleasant News, a newspaper published in Mt. Pleas-
4 ant, Iowa, and the Newton Daily News, a newspaper published in
5 Newton, Iowa.

House File No. 402. Approved April 12, A. D. 1929.

I hereby certify that the foregoing act was published in the Mt. Pleasant News April
17, 1929, and the Newton News April 16, 1929.

ED. M. SMITH, *Secretary of State.*