

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 99

BY BUSINESS COMMITTEE

AN ACT

1 RELATING TO BANKING; REPEALING SECTION 26-304, IDAHO CODE, RELATING TO BANK
2 FACILITIES POWERS; REPEALING SECTION 26-308, IDAHO CODE, RELATING TO
3 PRIORITY FOR BANK FACILITIES; REPEALING SECTION 26-310, IDAHO CODE,
4 RELATING TO AN INVESTIGATION FEE; REPEALING SECTION 26-508, IDAHO CODE,
5 RELATING TO REMOVAL OF DIRECTORS, OFFICERS, OR EMPLOYEES; REPEALING
6 SECTION 26-509, IDAHO CODE, RELATING TO ENGAGING IN UNSAFE OR UNSOUND
7 PRACTICES; REPEALING SECTION 26-1108, IDAHO CODE, RELATING TO FAILURE
8 TO TRANSMIT REPORTS; REPEALING SECTION 26-1117, IDAHO CODE, RELATING TO
9 THE POWER OF THE COURT TO GRANT RELIEF; REPEALING SECTION 26-1716, IDAHO
10 CODE, RELATING TO CEASE AND DESIST BY BANKS; REPEALING SECTION 26-2609,
11 IDAHO CODE, RELATING TO PENALTIES; REPEALING SECTION 26-3603, IDAHO
12 CODE, RELATING TO ADMINISTRATIVE ORDERS; REPEALING SECTION 26-3606,
13 IDAHO CODE, RELATING TO REMOVAL OF DIRECTORS, OFFICERS AND EMPLOYEES;
14 AMENDING SECTION 26-106, IDAHO CODE, TO ADD AND REVISE DEFINITIONS AND
15 TO MAKE TECHNICAL CORRECTIONS; AMENDING SECTION 26-202, IDAHO CODE, TO
16 REVISE PROVISIONS RELATING TO THE AUTHORIZATION NECESSARY TO DO BUSI-
17 NESS; AMENDING SECTION 26-209, IDAHO CODE, TO REVISE THE TIME OF THE
18 ANNUAL MEETING; AMENDING SECTION 26-211, IDAHO CODE, TO REVISE STOCK
19 TRANSFER REQUIREMENTS AND TO MAKE A TECHNICAL CORRECTION; AMENDING
20 SECTION 26-301, IDAHO CODE, TO REVISE REQUIREMENTS FOR BRANCH BANKS;
21 REPEALING SECTION 26-302, IDAHO CODE, RELATING TO AUTHORIZATION FOR
22 ESTABLISHMENT OF BANK FACILITIES; AMENDING CHAPTER 3, TITLE 26, IDAHO
23 CODE, BY THE ADDITION OF A NEW SECTION 26-302, IDAHO CODE, TO PROVIDE
24 FOR THE ESTABLISHMENT OF LOAN PRODUCTION OFFICES AND TO MAKE TECHNICAL
25 CORRECTIONS; AMENDING SECTION 26-303, IDAHO CODE, TO REVISE PROVI-
26 SIONS RELATING TO LOAN PRODUCTION OFFICES AND MOBILE AND TEMPORARY
27 FACILITIES; AMENDING SECTION 26-305, IDAHO CODE, TO REVISE PROVISIONS
28 RELATING TO RESPONSIBILITY OF A BANK; AMENDING SECTION 26-306, IDAHO
29 CODE, TO REVISE PROVISIONS RELATING TO MOBILE OR TEMPORARY FACILITIES;
30 AMENDING SECTION 26-707, IDAHO CODE, TO REVISE PROVISIONS RELATING
31 TO REAL ESTATE HOLDINGS AND TO MAKE TECHNICAL CORRECTIONS; AMENDING
32 SECTION 26-1104, IDAHO CODE, TO REVISE PROVISIONS RELATING TO FEES; RE-
33 PEALING SECTION 26-1114, IDAHO CODE, RELATING TO REMOVAL OF DIRECTORS,
34 OFFICERS, OR EMPLOYEES; AMENDING CHAPTER 11, TITLE 26, IDAHO CODE, BY
35 THE ADDITION OF A NEW SECTION 26-1114, IDAHO CODE, TO PROVIDE FOR THE
36 SUSPENSION OR REMOVAL OF DIRECTORS, OFFICERS OR EMPLOYEES AND TO PRO-
37 HIBIT FUTURE EMPLOYMENT IN CERTAIN CIRCUMSTANCES; REPEALING SECTION
38 26-1115, IDAHO CODE, RELATING TO ENGAGING IN UNSAFE OR UNSOUND PRAC-
39 TICES; AMENDING CHAPTER 11, TITLE 26, IDAHO CODE, BY THE ADDITION OF
40 A NEW SECTION 26-1115, IDAHO CODE, TO PROVIDE FOR CEASE AND DESIST OR-
41 DERS AND PENALTIES; REPEALING SECTION 26-1116, IDAHO CODE, RELATING
42 TO CIVIL ENFORCEMENT; AMENDING CHAPTER 11, TITLE 26, IDAHO CODE, BY
43 THE ADDITION OF A NEW SECTION 26-1116, IDAHO CODE, RELATING TO CIVIL
44 ENFORCEMENT; REPEALING SECTION 26-1202, IDAHO CODE, RELATING TO ADVER-

1 TISING BY UNAUTHORIZED BANK; AMENDING CHAPTER 12, TITLE 26, IDAHO CODE,
 2 BY THE ADDITION OF A NEW SECTION 26-1202, IDAHO CODE, TO PROVIDE FOR
 3 UNAUTHORIZED USE OF A NAME AND WAIVER BY THE DIRECTOR OF THE DEPARTMENT
 4 OF FINANCE; AMENDING SECTION 26-1219, IDAHO CODE, TO REVISE PROVISIONS
 5 RELATING TO ADVERTISING OF BRANCHES; AMENDING SECTION 26-1602, IDAHO
 6 CODE, TO REVISE PROVISIONS RELATING TO STATEMENT OF PURPOSE; AMENDING
 7 SECTION 26-1604, IDAHO CODE, TO REVISE PROVISIONS REGARDING MERGER AND
 8 BRANCHING APPROVAL; AND AMENDING SECTION 26-1605, IDAHO CODE, TO REVISE
 9 CONDITIONS WHERE THE DIRECTOR OF THE DEPARTMENT OF FINANCE SHALL NOT
 10 APPROVE THE ACQUISITION OF A BANK.

11 Be It Enacted by the Legislature of the State of Idaho:

12 SECTION 1. That Sections 26-304, 26-308, 26-310, 26-508, 26-509,
 13 26-1108, 26-1117, 26-1716, 26-2609, 26-3603 and 26-3606, Idaho Code, be, and
 14 the same are hereby repealed.

15 SECTION 2. That Section 26-106, Idaho Code, be, and the same are hereby
 16 amended to read as follows:

17 26-106. DEFINITIONS. As used in this act, unless the context or sub-
 18 ject matter otherwise requires:

19 (1) "Bank" means any person engaged in soliciting, receiving or accept-
 20 ing money or its equivalent on deposit as a regular business whether or not
 21 such deposit, however evidenced, is made subject to check or draft or other
 22 order.

23 (2) "Banking business" means the soliciting, receiving or accepting of
 24 money or its equivalent on deposit as a regular business whether such deposit
 25 is made subject to check or draft or is evidenced by a certificate of de-
 26 posit, a passbook, a note, a receipt, or other writing; provided, that noth-
 27 ing herein shall apply to or include money or its equivalent left in escrow or
 28 left with an agent pending investment in real estate or securities for or on
 29 account of his principal.

30 (3) ~~"Banking facility" means a place of business of a bank which per-~~
 31 ~~forms activities limited to:~~

32 ~~(a) Taking applications for loans, accepting deposits, issuing re-~~
 33 ~~ceipts therefor, and transmitting such deposits to the bank maintaining~~
 34 ~~such facility;~~

35 ~~(b) Carrying and disbursing cash change, cashing checks, accepting~~
 36 ~~checks;~~

37 ~~(c) Issuing checks drawn on or certified by the bank operating the fa-~~
 38 ~~ility, renting safety deposit boxes, keeping necessary accounts of all~~
 39 ~~transactions; and carrying out such other transactions as the director~~
 40 ~~may allow by regulation.~~

41 (4) "Bank service corporation" means a corporation organized to per-
 42 form bank services for two (2) or more banks, each of which owns part of the
 43 capital stock of such corporation, and which are subject to examination by
 44 either the department of finance of the state of Idaho or a federal bank su-
 45 pervisory agency.

46 For the purpose of this definition, "bank services" means services such
 47 as check and deposit sorting and posting, computation and posting of inter-

1 est and other credits and charges, preparation and mailing of checks, state-
 2 ments, notices, and similar items, or any other clerical, bookkeeping, ac-
 3 counting, statistical, or similar functions performed for a bank.

4 (54) "Borrowing" means any nondeposit liability.

5 (65) "Branch" means any location except a ~~bank facility or loan produc-~~
 6 tion office, mobile or temporary facility, customer-bank communication ter-
 7 minal or bank service corporation at which a bank performs any or all func-
 8 tions of a bank.

9 (76) "Capital" means the amount of unimpaired paid-up common stock plus
 10 the amount of paid-up preferred stock issued and unimpaired.

11 (87) "Capital note" means a convertible or nonconvertible note of a
 12 bank subordinated as to principal and interest to the depositors of the bank
 13 and containing such conditions as the director may require.

14 (98) "Capital structure" means the total of the capital, surplus, undi-
 15 vided profits and subordinated capital notes and contingency reserves of the
 16 bank or such other account as determined by the director of the department of
 17 finance, less intangible assets.

18 (109) "Common stock" means the stock of a banking corporation other than
 19 preferred stock.

20 (110) "Commercial paper" means a short-term negotiable instrument
 21 arising out of a commercial transaction; provided, however, that commercial
 22 paper shall not be construed to be a deposit as defined in this act.

23 (121) "Converting bank" means a bank converting from a state to a na-
 24 tional bank, or the reverse.

25 (132) "Demand deposit" means all deposits except time deposits.

26 (143) "Deposit" means the act of placing or lodging money in the custody
 27 of a person, for safety or convenience whether interest-bearing or not, to be
 28 withdrawn at the will of the depositor or under rules, terms and regulations
 29 agreed upon by the depositor and the depository. If the context requires,
 30 deposit may also mean the money so deposited or the credit the depositor re-
 31 ceives for it.

32 (154) "Depositor" means any person who deposits money.

33 (165) "Director" means the director of the department of finance.

34 (176) "Dissenting stockholder" means a stockholder dissenting and vot-
 35 ing his dissent as provided in this act.

36 (187) "Executive officer" means each officer of a bank, who by virtue of
 37 his position, has both voice in the formulation of the policy of the bank and
 38 responsibility for the implementation of such policy.

39 (198) "Federal funds" means member bank deposits at federal reserve
 40 banks.

41 (2019) "Federal reserve act" means and includes the act of congress of
 42 the United States approved December 23, 1913, as amended.

43 (210) "Federal reserve bank" means a federal reserve bank created and
 44 organized under the authority of the ~~F~~f~~e~~e~~d~~e~~r~~r~~a~~a~~t~~t~~i~~i~~a~~l~~R~~r~~e~~e~~s~~s~~e~~e~~r~~r~~v~~v~~e~~e ~~A~~a~~c~~c~~t~~t.

45 (221) "Federal reserve board" means the board of governors of the
 46 ~~F~~f~~e~~e~~d~~e~~r~~r~~a~~l~~R~~r~~e~~e~~s~~s~~e~~r~~v~~e ~~S~~s~~y~~y~~s~~s~~t~~em ~~created and described in the~~ ~~F~~f~~e~~e~~d~~e~~r~~r~~a~~l~~R~~r~~e~~e~~s~~s~~e~~r~~v~~e ~~A~~a~~c~~c~~t~~t.~~~~~~~~

48 (232) "Federal bank supervisory agency" means the comptroller of the
 49 currency, the board of governors of the ~~F~~f~~e~~e~~d~~e~~r~~r~~a~~l~~R~~r~~e~~e~~s~~s~~e~~r~~v~~e ~~S~~s~~y~~y~~s~~tem ~~or the~~
 50 board of directors of the ~~F~~f~~e~~e~~d~~e~~r~~r~~a~~l~~D~~d~~e~~e~~p~~osit~~I~~i~~n~~su~~r~~ance~~C~~c~~o~~rp~~o~~ra~~t~~ion.~~~~

1 (243) "Fiduciary" means trustee, agent, executor, administrator, per-
 2 sonal representative, committee, guardian or conservator for a minor or
 3 other incompetent person, receiver, trustee in bankruptcy, assignee for
 4 creditors or any holder of a similar position of trust.

5 (24) "Home state" means:

6 (a) With respect to a state chartered bank, the state from which the
 7 bank received the charter under which it operates.

8 (b) With respect to a national bank, the state in which the main office
 9 of the national bank is located.

10 (25) "Host state" means, with respect to any bank, a state other than
 11 the home state of the bank in which the bank maintains or seeks to establish
 12 and maintain a branch.

13 (256) "Member bank" means any national bank or state bank which has be-
 14 come or which becomes a member of one (1) of the federal reserve banks created
 15 by the ~~F~~federal ~~R~~eserve ~~A~~act.

16 (267) "Merger" means the union of two (2) or more bank corporations by
 17 the transfer of property of all to one (1) of them. As used in this act,
 18 "merger" includes a consolidation.

19 (278) "Merging bank" means a party to a merger.

20 (289) "Mobile or temporary facility" means a ~~banking facility which is~~
 21 ~~moved from place to place and not permanently attached to real property place~~
 22 ~~of business of a bank from which the bank performs limited activities for~~
 23 ~~limited periods of time.~~

24 (2930) "National bank" means a bank organized under the laws of the
 25 United States and issued an organization certificate by the comptroller of
 26 the currency.

27 (301) "Net demand deposits" means the total of the bank's demand de-
 28 posits after subtracting from the deposit balance due to any bank the deposit
 29 balance due from the same bank (other than trust funds deposited by either
 30 bank) and any cash items in the process of collection due from or due to such
 31 banks shall be included in determining such net balance, except that bal-
 32 ances of time deposits of any bank and any balances standing to the credit of
 33 private banks, of banks in foreign countries, of foreign branches of other
 34 American banks, and of American branches of foreign banks shall be reported
 35 gross without any such subtraction, and excluding any deposits received in
 36 any office of the bank for deposits in any other office of the bank. The
 37 amount of trust funds held in the bank's own trust department, which the bank
 38 keeps segregated and apart from its general assets and does not use in the
 39 conduct of its business, shall not be included as net deposits.

40 (312) "Net profits" means profits remaining after the deduction of all
 41 expenses including depreciation, losses, or doubtful assets, as required by
 42 the director of the department of finance, interest, and taxes accrued or
 43 due.

44 (323) "Person" means an individual, sole proprietorship, partnership,
 45 joint venture, association, trust, estate, business trust, corporation,
 46 limited liability company, not-for-profit corporation, sovereign govern-
 47 ment or agency, instrumentality, or political subdivision thereof, or any
 48 similar entity or organization.

1 (334) "Preferred stock" means a class of the stock of a banking corpora-
2 tion issued in accordance with section 26-206, Idaho Code, which is accorded
3 a preference or priority over the common stock of the corporation.

4 (345) "Resulting bank" means the bank resulting from a merger or conver-
5 sion.

6 (356) "Savings deposit" means a deposit:

7 (a) That consists of funds deposited to the credit of or in which the
8 entire beneficial interest is held by one (1) or more individuals, or
9 a corporation, association, or other organization operated primarily
10 for religious, philanthropic, charitable, educational, fraternal, or
11 other similar purposes and not operated for profit; or that consists of
12 funds deposited to the credit of or in which the entire beneficial in-
13 terest is held by the United States, any state of the United States, or
14 any county, municipality, or political subdivision thereof, the Dis-
15 trict of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands,
16 American Samoa, Guam, or political subdivision thereof; or that con-
17 sists of funds deposited to the credit of, or in which any beneficial
18 interest is held by a corporation, association, or other organization
19 not qualifying above to the extent such funds do not exceed one hundred
20 fifty thousand dollars (\$150,000) per such depositor at a bank; and

21 (b) With respect to which the depositor is not required by the deposit
22 contract but may at any time be required by the bank to give notice in
23 writing of an intended withdrawal not less than thirty (30) days before
24 such withdrawal is made and which is not payable on a specified date or
25 at the expiration of a specified time after the date of deposit.

26 (367) "State bank" means any bank chartered by the state of Idaho.

27 ~~(37) "Temporary banking facility" means a banking facility which is op-~~
28 ~~erated for less than thirty (30) days and is established for the purpose of~~
29 ~~providing bank facility services for a specific occasion.~~

30 (38) "Time certificate of deposit" means a deposit evidenced by a ne-
31 gotiable or nonnegotiable instrument which provides on its face that the
32 amount of such deposit is payable to bearer or to any specified person or to
33 his order:

34 (a) On a certain date, specified in the instrument, not less than thirty
35 (30) days ~~(30)~~ after the date of the deposit; or

36 (b) At the expiration of a certain specified time not less than thirty
37 (30) days after date of the instrument; or

38 (c) Upon notice in writing which is actually required to be given not
39 less than thirty (30) days before the date of repayment; and

40 (d) In all cases only upon presentation and surrender of the instru-
41 ment.

42 (39) "Time deposit" means time certificates of deposit, time deposits
43 open account, and savings deposits.

44 (40) "Time deposits open account" means a deposit, other than a time
45 certificate of deposit, with respect to which there is in force a written
46 contract with the depositor that neither the whole nor any part of such de-
47 posit may be withdrawn, by check or otherwise, prior to the date of maturity,
48 which shall be not less than thirty (30) days after the date of the deposit,
49 or prior to the expiration of the period of notice which must be given by the
50 depositor in writing not less than thirty (30) days in advance of withdrawal.

1 (41) "Trust department" means the division of a bank which has been
2 granted trust powers by the director of finance.

3 SECTION 3. That Section 26-202, Idaho Code, be, and the same is hereby
4 amended to read as follows:

5 26-202. AUTHORIZATION NECESSARY TO DO BUSINESS. It shall be unlawful
6 for any person to engage in or transact any banking business in this state ex-
7 cept by means of a corporation duly organized for that purpose and chartered
8 under the bank act. Corporations organized to engage in and transact banking
9 business shall be formed by five (5) or more natural persons under the gen-
10 eral business corporation laws of this state and as provided in the bank act.

11 Except as specifically authorized by this act, other laws of the state
12 of Idaho, or federal law, no person except a national bank shall engage in or
13 transact any banking business except as is incidental or necessarily prelim-
14 inary to its organization without the written approval of the director and
15 without his written charter stating that it has complied with the provisions
16 of the bank act and all of the requirements of law and that it is authorized to
17 transact banking business within the state. To obtain a charter the incorpo-
18 rators shall file with the director the following information:

- 19 (a) ~~Five~~ (5) copies of its articles of incorporation ~~τi~~
20 (b) ~~s~~Satisfactory proof of compliance with section 26-204, Idaho
21 Code ~~τi~~
22 (c) ~~t~~The names and addresses of its officers and directors ~~τi~~
23 (d) ~~t~~The names and addresses of all subscribers to its common stock and
24 the amounts subscribed by each ~~τi~~
25 (e) ~~t~~The oath of each and every director as provided in section 26-213,
26 Idaho Code ~~τi~~
27 (f) ~~t~~The affidavit of its directors to the effect that said corporation
28 has complied with all the provisions of the bank act required to autho-
29 rize it to commence business ~~τi~~ and
30 (g) ~~s~~Such other information as the director may require in the form re-
31 quired by the director.

32 Upon filing of the foregoing, it shall be the duty of the department to
33 examine and investigate into the condition of the corporation, ascertain-
34 ing whether or not the capital has been paid in and whether the corporation
35 has complied with all the provisions of the law required to entitle it to en-
36 gage in the business of banking. The department shall also ascertain from
37 the best sources of information at its command whether the character and gen-
38 eral fitness of the persons named as subscribers and officers and directors
39 are such that the bank may be operated in a safe, prudent and profitable man-
40 ner and as to command the confidence of the community in which such bank is
41 proposed to be located. ~~The department shall collect a fee on demand from the~~
42 ~~corporation which fee shall not be less than one hundred fifty dollars (\$150)~~
43 ~~or more than two thousand dollars (\$2,000) based upon the cost of such exam-~~
44 ~~ination and investigation.~~ If upon such examination, and investigation, it
45 appears that the corporation is lawfully entitled to commence banking busi-
46 ness, and the directors and officers are competent to engage in banking busi-
47 ness, and its subscribers are such as to command the confidence of the com-
48 munity, and if, in the opinion of the director the organization of the bank

1 is justified, the director shall forthwith issue to the corporation a bank
2 charter, under official seal.

3 If the director has reason to believe that the corporation has been
4 formed for any other business than the legitimate banking business contem-
5 plated by the bank act or that the subscribers, officers and directors will
6 not operate the bank in a safe, prudent and profitable manner, or that the
7 bank will not have qualified experienced management with experience com-
8 mensurate with the area where the bank is proposed to be located, he shall
9 withhold such charter, and he may withhold the issuance of such charter to
10 a corporation seeking to engage in banking business in an area which in his
11 judgment does not justify or warrant a new or additional bank or could not
12 support a profitable banking corporation.

13 ~~No unit bank hereafter organized shall be permitted to be acquired for~~
14 ~~the purpose of establishing a branch banking office or a branch bank until it~~
15 ~~shall have been in operation as a unit bank for a period of five (5) years.~~

16 SECTION 4. That Section 26-209, Idaho Code, be, and the same is hereby
17 amended to read as follows:

18 26-209. TIME OF ANNUAL MEETING. ~~The An~~ annual meeting of stockholders
19 of a bank shall be held each year ~~in the month of January, February, March or~~
20 ~~April. Every bank shall, by bylaw, fix the day in such month for its annual~~
21 ~~meeting at the time and in the manner indicated in the bylaws.~~

22 SECTION 5. That Section 26-211, Idaho Code, be, and the same is hereby
23 amended to read as follows:

24 26-211. STOCK-TRANSFERS. (1) The shares of stock of a bank shall be
25 deemed personal property and shall be transferred on the books of the bank in
26 such manner as the bylaws thereof shall direct.

27 (2) All transfers of seven percent (7%) or more of the outstanding stock
28 voting securities of a bank by sale, gift or otherwise shall be reported to
29 the director thirty (30) days prior to such transfer and shall be approved
30 by the director prior to such transfer if, immediately after the transfer,
31 the acquiring person or persons acting in concert will own, control, or hold
32 with power to vote ten percent (10%) or more of any class of voting securi-
33 ties of the bank. The director may disapprove a transfer of ~~stock~~ voting se-
34 curities if he finds that the transferee has been removed from a position as
35 a director, officer or employee of a bank or other financial institution pur-
36 suant to an order of a state or federal agency, has been convicted of a felony
37 or if in his opinion the transferee does not satisfy the requirements of a
38 stockholder, director or officer as set out in section 26-202, Idaho Code.
39 The provisions of this subsection shall not apply to a voting trust existing
40 prior to July 1, 1978.

41 ~~(3) All transfers of stock shall be certified by the president of the~~
42 ~~bank or secretary of the board of directors to the department within twenty~~
43 ~~(20) days after such transfer.~~

44 SECTION 6. That Section 26-301, Idaho Code, be, and the same is hereby
45 amended to read as follows:

1 26-301. BRANCH ~~BANKS~~ -- REQUIREMENTS. No bank shall maintain any
 2 branch ~~bank~~ except as ~~hereinafter~~ provided for in this act. Any bank orga-
 3 nized and chartered under the laws of Idaho may, upon written application to
 4 and with the approval of the director, establish and operate one (1) or more
 5 branches ~~banks~~ for the transaction of its business at any location. Any such
 6 bank may establish and operate a branch in a state other than Idaho, provided
 7 that the bank shall comply with all applicable provisions of Idaho law, the
 8 law of the other state and federal law. Any bank organized and chartered un-
 9 der the laws of another state or under federal law may establish and operate
 10 one (1) or more branches in Idaho as permitted by chapter 16, title 26, Idaho
 11 Code, and federal law.

12 SECTION 7. That Section 26-302, Idaho Code, be, and the same is hereby
 13 repealed.

14 SECTION 8. That Chapter 3, Title 26, Idaho Code, be, and the same is
 15 hereby amended by the addition thereto of a NEW SECTION, to be known and des-
 16 ignated as Section 26-302, Idaho Code, and to read as follows:

17 26-302. ESTABLISHMENT OF LOAN PRODUCTION OFFICES AUTHORIZED. A bank
 18 may, after providing notice to the director, establish and maintain one (1)
 19 or more loan production offices at any location in the state of Idaho.

20 (1) A loan production office when so established may conduct any of the
 21 following activities:

- 22 (a) Solicit loans on behalf of the bank;
- 23 (b) Provide information on loans, rates and terms;
- 24 (c) Accept loan applications and supporting documents;
- 25 (d) Review and process loan applications for compliance with under-
- 26 writing standards and completeness of documents;
- 27 (e) Approve loan applications;
- 28 (f) Conduct loan closing activities, such as the execution of promis-
- 29 sory notes and deeds of trust; and
- 30 (g) Engage in other loan production office activities that the bank's
- 31 primary state or federal regulator has approved for banks subject to its
- 32 supervision.

33 (2) A loan production office shall not have the power to solicit, re-
 34 ceive or accept money or its equivalent on deposit, or disburse loan funds to
 35 customers.

36 (3) A bank that desires to establish a loan production office in this
 37 state shall provide written notice to the director of its intent to do so no
 38 later than thirty (30) days prior to opening the loan production office. The
 39 notice to the director shall provide the following information:

- 40 (a) The name of the bank and address of the main office;
- 41 (b) The city and street address of the loan production office;
- 42 (c) The activities proposed to be conducted at the loan production of-
- 43 fice, including the types of loans to be solicited and originated at the
- 44 office; and
- 45 (d) Any additional relevant information required by the director.

46 (4) Following a bank's establishment of a loan production office in
 47 this state, a bank shall give notice to the director of any relocation or clo-

1 sure of the office, the date of the relocation or closure and the disposition
2 of any records previously maintained at the loan production office.

3 (5) Each loan production office shall be subject to examination and su-
4 pervision by the director in the same manner and to the same extent as the
5 bank.

6 (6) A state bank may establish and operate a loan production office in a
7 state other than Idaho, provided that the bank shall comply with all applica-
8 ble provisions of Idaho law, the law of the other state where the loan produc-
9 tion office will be located and federal law.

10 (7) Each loan production office operating in Idaho on July 1, 2015,
11 shall provide written notice to the director containing the information re-
12 quired in subsection (3) of this section on or before August 1, 2015.

13 SECTION 9. That Section 26-303, Idaho Code, be, and the same is hereby
14 amended to read as follows:

15 26-303. SECTION CONCERNING BRANCH BANKS UNAFFECTED ~~---BANK FACILITY~~
16 ~~CONSTRUED~~. The sections of this chapter relating to ~~bank~~ loan production of-
17 fices and mobile or temporary facilities shall not be construed to modify or
18 repeal section 26-301, Idaho Code, and the terms ~~bank~~ "loan production of-
19 fice," "mobile facility" and "temporary facility" as used in the bank act
20 shall not be construed to mean branch bank.

21 SECTION 10. That Section 26-305, Idaho Code, be, and the same is hereby
22 amended to read as follows:

23 26-305. RESPONSIBILITIES OF BANK. Any bank establishing a ~~bank~~ loan
24 production office or mobile or temporary facility shall be responsible for
25 all transactions of the loan production office or mobile or temporary facil-
26 ity, and for keeping accounts and books covering all business transactions
27 of the loan production office or mobile or temporary facility ~~at its nearest~~
28 ~~branch bank or as the director shall, by regulation, require.~~

29 SECTION 11. That Section 26-306, Idaho Code, be, and the same is hereby
30 amended to read as follows:

31 26-306. MOBILE OR TEMPORARY FACILITY. Mobile facilities or temporary
32 facilities may be established with the approval of the director and under
33 such conditions as the director may establish ~~by regulation. Mobile facili-~~
34 ~~ties may be operated only in communities in which no bank, branch bank or bank~~
35 ~~facility exists.~~

36 SECTION 12. That Section 26-707, Idaho Code, be, and the same is hereby
37 amended to read as follows:

38 26-707. REAL ESTATE HOLDINGS. A bank may purchase, acquire, hold and
39 convey real estate for the following purposes only:

40 (1) Such as shall be necessary for the convenient transaction of its
41 business, including at the same location as its banking offices other prop-
42 erty to rent as a source of income; provided, however, that no bank shall in-

1 vest in buildings and lots and furniture, fixtures and equipment in an amount
2 greater than fifty percent (50%) of the capital structure of such bank.

3 (2) Such as shall be conveyed to it in satisfaction of debts previously
4 contracted in the course of business.

5 (3) Such as it shall purchase at sale on judgments, decrees, mortgage
6 foreclosure or trustees sale for debts previously contracted, but a bank
7 shall not bid at such sale a larger amount than is necessary to satisfy all
8 debts and costs necessary to obtain clear title. ~~Such~~ Real estate acquired
9 for debts previously contracted shall be carried on the books of the bank at
10 the lower of cost or market value. Market value shall be determined by:

11 (a) ~~a current~~ An appraisal prepared by an independent qualified a state
12 certified or licensed appraiser approved by the director; or

13 (b) An appropriate evaluation when the recorded investment is equal to
14 or less than two hundred fifty thousand dollars (\$250,000).

15 If a bank has a valid appraisal or an appropriate evaluation that was pre-
16 viously obtained in connection with a real estate loan, a new appraisal or
17 evaluation is not required at the time the bank acquires the property to de-
18 termine the market value of real estate acquired for debts previously con-
19 tracted. A bank may defer obtaining an appraisal or evaluation for a period
20 not to exceed three (3) months following acquisition of the real estate if
21 the bank documents a reasonable expectation that a sale of the real estate,
22 other than in a transaction involving an affiliated party, will be consum-
23 mated during a period of three (3) months following the acquisition of the
24 property. If the property is not sold during the expected three (3) month pe-
25 riod, a new appraisal or appropriate evaluation as set forth in paragraphs
26 (a) and (b) of this subsection must be obtained. Thereafter, but no more fre-
27 quently than annually, the director may in his discretion request that the
28 bank obtain from an independent qualified appraiser approved by the direc-
29 tor, a further appraisal of market value or certification by the appraiser
30 that the market value has not declined require an appraisal or evaluation if
31 the director believes it is necessary to address safety and soundness con-
32 cerns. A bank shall develop and maintain prudent real estate appraisal and
33 evaluation policies and procedures to monitor the market value of real es-
34 tate acquired for debts previously contracted, in accordance with applica-
35 ble real estate appraisal and evaluation guidelines.

36 (4) No real estate acquired under subsections (2) and (3) of this sec-
37 tion may be held for a longer period than five (5) years, provided, however,
38 that upon application by the bank, the director shall approve the continued
39 holding of any such real estate by the bank for an additional period of five
40 (5) years upon the bank's showing of its good faith attempt to dispose of the
41 real estate within the first five (5) year period, or that disposal within
42 the first five (5) year period would be detrimental to the bank; and provided
43 further that the bank shall, during the second five (5) year period, at the
44 end of each year beginning at the end of the sixth year in which the property
45 is held, write down the value of such real estate by twenty percent (20%) of
46 the value at which such real estate is carried on its books at the beginning
47 of the second five (5) year period. Value at the beginning of the second five
48 (5) year period shall be the lower of cost or market value as determined pur-
49 suant to appraisal as provided in subsection (3) of this section. Nothing in
50 this section shall be construed to prevent a bank from making loans secured

1 by real estate as provided in this act, or a trust department holding and con-
2 veying real estate in trust.

3 (5) A bank may, with the approval of the director and the board of gov-
4 ernors of the ~~F~~federal ~~R~~eserve ~~S~~ystem or the ~~F~~federal ~~D~~eposit ~~I~~nsurance
5 ~~C~~orporation invest in bank premises or in the stock, bonds, debentures, or
6 other obligations of any corporation holding the banking buildings, lots and
7 furniture, fixtures and equipment of such bank in an amount not to exceed the
8 capital and surplus of the bank.

9 SECTION 13. That Section 26-1104, Idaho Code, be, and the same is hereby
10 amended to read as follows:

11 26-1104. FEES. (1) On January 15 of each year, the director shall fix
12 and collect from each state bank a fee based upon the amount of the total as-
13 sets of the bank as of December 31 of the preceding calendar year, which fees
14 shall not exceed the amounts set forth in the following schedule:

TOTAL ASSETS	MAXIMUM FEE
\$0 to \$1 million	\$1,500 Flat Fee
\$1 million to \$10 million	\$2,000 + \$.25 per thousand dollars of assets in excess of \$1 million
\$10 million to \$50 million	\$4,250 + \$.19 per thousand dollars of assets in excess of \$10 million
\$50 million to \$100 million	\$11,850 + \$.12 per thousand dollars of assets in excess of \$50 million
\$100 million to \$500 million	\$17,850 + \$.10 per thousand dollars of assets in excess of \$100 million
\$500 million to \$1 billion	\$57,850 + \$.09 per thousand dollars of assets in excess of \$500 million
\$1 billion to \$3 billion	\$102,850 + \$.08 per thousand dollars of assets in excess of \$1 billion
\$3 billion to \$10 billion	\$262,850 + \$.07 per thousand dollars of assets in excess of \$3 billion
\$10 billion to \$20 billion	\$369,425 + \$.03 per thousand dollars of assets in excess of \$10 billion
\$20 billion and over	\$689,425 + \$.02 per thousand dollars of assets in excess of \$20 billion

35 (2) In addition to the foregoing each state bank shall pay to the direc-
36 tor an additional sum not to exceed one hundred dollars (\$100) for each of-
37 fice and branch office maintained by said bank. The director shall collect
38 from each bank for each special examination of its condition an amount suffi-
39 cient to reimburse the director for the actual expenses incurred in connec-
40 tion therewith.

41 (3) ~~For banks operating in Idaho with a home state other than Idaho, the~~
42 ~~director shall, in his discretion, set annual fees on any basis, provided~~
43 ~~that such fees shall not be higher than if only the branches operating solely~~

1 ~~in Idaho were considered in making the fee calculation. Under this subsec-~~
 2 ~~tion (3), the director, in his discretion, shall adjust annual fees accord-~~
 3 ~~ing to the level of participation of the department of finance in the super-~~
 4 ~~vision process, subject to the maximum fee provided in subsection (1) of this~~
 5 ~~section. The director may, in his discretion, assess state banks and state~~
 6 ~~bank holding companies for the review, analysis and investigation of an ap-~~
 7 ~~plication to:~~

8 (a) Charter or incorporate a bank or bank holding company;

9 (b) Establish a branch or office;

10 (c) Merge with, acquire, or be acquired by, another bank or bank holding
 11 company located in or outside of Idaho; and

12 (d) Convert to an entity other than a state bank or bank holding com-
 13 pany.

14 ~~(4) For banks chartered under this act with branches in states other~~
 15 ~~than Idaho pursuant to chapter 16, title 26, Idaho Code, the director shall,~~
 16 ~~in his discretion, set annual fees on any basis, provided that such fees~~
 17 ~~shall not be any higher than if the branches operated outside Idaho were~~
 18 ~~not a factor in the fee calculation. For banks operating in Idaho with a home~~
 19 ~~state other than Idaho the director may, in his discretion, enter into a~~
 20 ~~cooperative agreement with the home state supervisor of the bank to assess~~
 21 ~~supervisory fees on the bank. The fees may include assessments, examination~~
 22 ~~fees, branch fees, license fees and all other fees that are levied by the~~
 23 ~~director on state banks. If such agreement has been entered, the director~~
 24 ~~may, in his discretion, assess supervisory fees on banks operating in Idaho~~
 25 ~~with home states other than Idaho.~~

26 (5) All fees, fines, examination and miscellaneous charges collected
 27 by the director pursuant to the Idaho bank act shall be deposited into the
 28 finance administrative account pursuant to section 67-2702, Idaho Code.

29 SECTION 14. That Section [26-1114](#), Idaho Code, be, and the same is hereby
 30 repealed.

31 SECTION 15. That Chapter 11, Title 26, Idaho Code, be, and the same is
 32 hereby amended by the addition thereto of a NEW SECTION, to be known and des-
 33 ignated as Section 26-1114, Idaho Code, and to read as follows:

34 26-1114. SUSPENSION OR REMOVAL OF DIRECTORS, OFFICERS OR EMPLOYEES --
 35 PROHIBITION OF FUTURE EMPLOYMENT. (1) The director of the department of fi-
 36 nance may issue a written order suspending or removing a director, officer or
 37 employee of a bank, bank holding company or trust institution, upon finding
 38 that the director, officer or employee:

39 (a) Has been dishonest or reckless in the performance of his official
 40 duties;

41 (b) Has breached his fiduciary duties to the bank, bank holding company
 42 or trust institution, in a manner that is likely to cause substantial
 43 loss to or seriously weaken the bank, bank holding company or trust in-
 44 stitution;

45 (c) Has violated any provision of this title, any state or federal law
 46 or regulation pertaining to the business of the bank, bank holding com-
 47 pany, or trust institution, or any order of the director of the depart-
 48 ment of finance;

1 (d) Has been convicted of any felony or a misdemeanor involving theft or
2 dishonesty; or

3 (e) Has engaged or participated in any unsafe or unsound practice in the
4 conduct of the affairs of the bank, bank holding company or trust insti-
5 tution.

6 The order shall be issued pursuant to chapter 52, title 67, Idaho Code.

7 (2) In the event a director, officer or employee has been removed from
8 office as set forth in this section, and the order has not been modified, re-
9 scinded or set aside, or if a person has been removed as a director, officer
10 or employee of a bank, bank holding company or trust institution by a federal
11 financial institution regulator or a financial institution regulator in an-
12 other state, the person is prohibited from becoming employed by a bank, bank
13 holding company or trust institution supervised by the director of the de-
14 partment of finance in this state, except as specifically permitted by the
15 director of the department of finance.

16 SECTION 16. That Section [26-1115](#), Idaho Code, be, and the same is hereby
17 repealed.

18 SECTION 17. That Chapter 11, Title 26, Idaho Code, be, and the same is
19 hereby amended by the addition thereto of a NEW SECTION, to be known and des-
20 ignated as Section 26-1115, Idaho Code, and to read as follows:

21 26-1115. CEASE AND DESIST ORDERS -- PENALTIES. (1) If the director of
22 the department of finance finds that any bank, bank holding company or trust
23 institution has engaged or is about to engage in an unsafe or unsound prac-
24 tice in conducting the business of such bank, bank holding company or trust
25 institution, or any person has violated or is about to violate any provision
26 of this act, any rule or order issued under the act, any condition imposed in
27 writing by the director, or any written agreement entered into with the di-
28 rector, the director may order the bank, bank holding company, trust insti-
29 tution or other person to cease and desist from any such violation or prac-
30 tice. The order shall be issued pursuant to chapter 52, title 67, Idaho Code.

31 (2) After providing a notice and an opportunity for a public hearing
32 pursuant to chapter 52, title 67, Idaho Code, the director of the depart-
33 ment of finance may assess against and collect a civil money penalty from any
34 bank, bank holding company or trust institution that, or from any executive
35 officer, director, employee, agent or other person participating in the con-
36 duct of the affairs of such bank, bank holding company or trust institution
37 who:

38 (a) Engages or participates in any unsafe or unsound practice in con-
39 nection with a bank, bank holding company or trust institution; or

40 (b) Violates or knowingly permits any person to violate any of the pro-
41 visions of:

42 (i) The Idaho bank act;

43 (ii) Any rule promulgated pursuant to the Idaho bank act; or

44 (iii) Any lawful order of the director of the department of finance
45 issued pursuant to the Idaho bank act.

46 (3) The civil money penalty shall not exceed one thousand dollars
47 (\$1,000) per day for each day such violation continues. No civil money
48 penalty shall be assessed for the same act or practice if another government

1 agency has taken similar action against the bank, bank holding company or
2 trust institution, or person to be assessed such civil money penalty. In de-
3 termining the amount of the civil money penalty to be assessed, the director
4 of the department of finance shall consider:

5 (a) The good faith of the bank, bank holding company, trust institution
6 or person to be assessed with such civil money penalty;

7 (b) The gravity of the violation;

8 (c) Any previous violations by the bank, bank holding company, trust
9 institution or person to be assessed with such civil money penalty;

10 (d) The nature and extent of any past violations; and

11 (e) Such other matters as the director of the department of finance may
12 deem appropriate.

13 (4) Upon waiver by the respondent of the right to a public hearing
14 concerning an assessment of a civil money penalty, the hearing or portions
15 thereof may be closed to the public when concerns arise about prompt with-
16 drawal of moneys from or the safety and soundness of the bank, bank holding
17 company or trust institution.

18 (5) For the purposes of this section, a violation shall include, but is
19 not limited to, any action by any person alone or with another person that
20 causes, brings about, or results in the participation in, counseling of or
21 aiding or abetting of a violation.

22 (6) The director of the department of finance may modify or set aside
23 any order assessing a civil money penalty.

24 (7) Failure by a trust institution to comply with an order issued under
25 this section within a reasonable time as the director prescribes is grounds
26 for suspension or revocation of its charter or license issued under this act.

27 SECTION 18. That Section [26-1116](#), Idaho Code, be, and the same is hereby
28 repealed.

29 SECTION 19. That Chapter 11, Title 26, Idaho Code, be, and the same is
30 hereby amended by the addition thereto of a NEW SECTION, to be known and des-
31 ignated as Section 26-1116, Idaho Code, and to read as follows:

32 26-1116. CIVIL ENFORCEMENT. Whenever it appears to the director that
33 any bank, bank holding company or trust institution has engaged or is about
34 to engage in an unsafe or unsound practice in conducting the business of such
35 bank, bank holding company or trust institution, or any person has violated
36 or is about to violate any provision of this act, any rule or order issued un-
37 der the act, any condition imposed in writing by the director, or any writ-
38 ten agreement entered into with the director, the director may, in his dis-
39 cretion, bring an action in any court of competent jurisdiction, and upon a
40 showing of any unsafe or unsound practice, or violation, shall be granted any
41 or all of the following:

42 (1) A writ or order restraining or enjoining, temporarily or perma-
43 nently, any unsafe or unsound practice, or violation of any provision of this
44 act, any rule or order issued under the act, any condition imposed in writing
45 by the director, or any written agreement entered into with the director;

46 (2) An order granting a declaratory judgment;

47 (3) An order for disgorgement and other equitable remedies;

1 (4) An order appointing a receiver or conservator for the defendant or
2 the defendant's assets;

3 (5) An order that the person engaged in the unsafe or unsound practice,
4 or violating any provision of this act, any rule or order issued under the
5 act, any condition imposed in writing by the director or any written agree-
6 ment entered into with the director shall pay a civil penalty to the depart-
7 ment in an amount not to exceed twenty-five thousand dollars (\$25,000) for
8 each violation;

9 (6) An order allowing the director to recover costs that may include in-
10 vestigative expenses and attorney's fees.

11 SECTION 20. That Section [26-1202](#), Idaho Code, be, and the same is hereby
12 repealed.

13 SECTION 21. That Chapter 12, Title 26, Idaho Code, be, and the same is
14 hereby amended by the addition thereto of a NEW SECTION, to be known and des-
15 ignated as Section 26-1202, Idaho Code, and to read as follows:

16 26-1202. UNAUTHORIZED USE OF NAME -- WAIVER BY DIRECTOR. (1) With the
17 exception of the persons defined in subsection (2) of this section, no per-
18 son may advertise or transact business in this state under a name or title
19 that contains the word "bank," "banker," "bancorp," "savings bank," "trust
20 company," or a word or words of similar import, unless the person has been
21 granted a charter to engage in banking or trust business in this state by the
22 director, or unless the director has granted the person a waiver from this
23 prohibition as set forth in this section.

24 (2) The foregoing prohibition shall not apply to a national bank, fed-
25 eral thrift or federal savings bank, bank holding company or a state-char-
26 tered bank or trust company located in another state that has obtained all
27 approvals that may be required under the law as a prerequisite to doing busi-
28 ness in this state.

29 (3) The director may grant a waiver to allow the use of the word "bank,"
30 "banker," "bancorp," "savings bank," "trust company" or a word or words of
31 similar import if:

32 (a) The person is not engaged in banking or trust business;

33 (b) The name or title used is not likely to deceive or mislead an indi-
34 vidual to believe that the person is engaged in banking or trust busi-
35 ness;

36 (c) The name or title, or a name or title similar to it, is not already
37 used by another person doing business in this state; and

38 (d) The name or title does not suggest or imply that the person is en-
39 gaged in unlawful conduct.

40 (4) Should the director grant a waiver as set forth in subsection (3) of
41 this section, the director may condition or restrict the use of the name or
42 title as he finds necessary in order to protect the public.

43 (5) In the event the use of a name or title is prohibited as set forth
44 in this section and that none of the exceptions set forth in subsection (2)
45 of this section apply, and the director has not granted a waiver to the pro-
46 hibition as set forth in subsection (3) of this section, the Idaho secretary
47 of state shall not be obligated to file any documents, records, articles or

1 certificates that the person using or desiring to use the prohibited name or
2 title requests the Idaho secretary of state to file.

3 (6) Any person who willfully violates the foregoing prohibition is
4 guilty of a felony.

5 SECTION 22. That Section 26-1219, Idaho Code, be, and the same is hereby
6 amended to read as follows:

7 26-1219. ADVERTISING BRANCHES. It shall be unlawful for any bank to
8 advertise that a branch office will be established or available for bank cus-
9 tomers until a branch charter has been issued by the director for that branch
10 office under the provisions of chapter 3, title 26, Idaho Code. It shall be
11 unlawful for any person or group of persons to advertise that a unit bank will
12 be established until approval for a bank charter has been issued by the di-
13 rector under the provisions of chapter 2, title 26, Idaho Code. ~~A bank or~~
14 ~~person found guilty of a violation of the provisions of this section shall be~~
15 ~~fined not more than five thousand dollars (\$5,000).~~

16 SECTION 23. That Section 26-1602, Idaho Code, be, and the same is hereby
17 amended to read as follows:

18 26-1602. STATEMENT OF PURPOSE. It is the policy of the state of Idaho
19 to allow out-of-state banks, chartered either by other states or by the fed-
20 eral government, ~~by merger with an existing Idaho bank,~~ to branch within the
21 state of Idaho on the terms and conditions set out in this chapter, and chap-
22 ter 3, title 26, Idaho Code, and federal law; further, it is the policy of
23 the state of Idaho to allow banks chartered by or located in this state to es-
24 tablish, operate, and maintain branches in other states in any manner autho-
25 rized by this act, the law of such other states, and federal law. It is an ex-
26 press purpose of this chapter to authorize mergers between banks in Idaho and
27 banks located in other states ~~as contemplated by section 44(a)(3)(A) of the~~
28 ~~federal deposit insurance act, as amended in 1994.~~

29 SECTION 24. That Section 26-1604, Idaho Code, be, and the same is hereby
30 amended to read as follows:

31 26-1604. MERGER AND BRANCHING APPROVAL. (1) A bank whose home state is
32 a state other than Idaho may acquire control of, acquire all or ~~substantially~~
33 ~~all part~~ part of the assets of, or merge with a bank whose home state is Idaho. Ex-
34 cept as authorized in this chapter, ~~or section 26-311 chapter 3, title 26,~~
35 Idaho Code, or federal law, no bank, the home state of which is a state other
36 than Idaho, may establish or maintain an office or branch in this state, or
37 conduct the business of banking in this state.

38 (2) ~~A bank whose home state is Idaho may not enter into any transaction~~
39 ~~the result of which would be the acquisition of a branch or branches of the~~
40 ~~bank with an out-of-state bank without the acquisition of all or substan-~~
41 ~~tially all of the assets of the preexisting Idaho bank; provided that, in the~~
42 ~~event that a bank is required by the federal government to divest one (1) or~~
43 ~~more branches in connection with an interstate transaction, such branches~~
44 ~~may be sold to financial institutions located in Idaho subject to the ap-~~
45 ~~proval of the director.~~

1 ~~(3)~~ A bank whose home state is Idaho may acquire control of, acquire
 2 all or ~~substantially all~~ part of the assets of, or merge with a bank whose
 3 home state is a state other than Idaho. Except as authorized in this chap-
 4 ter, chapter 3, title 26, Idaho Code, or federal law, no bank, the home state
 5 of which is Idaho, may establish or maintain an office or branch in other
 6 states.

7 (3) A bank whose home state is a state other than Idaho may establish a
 8 branch in Idaho if the bank's primary federal regulator and home state reg-
 9 ulator have approved the bank's application to do the same. At least thirty
 10 (30) days prior to opening a branch in Idaho, a bank whose home state is a
 11 state other than Idaho shall:

12 (a) Provide a copy of its branch application to the director;

13 (b) File or register with the Idaho secretary of state as a foreign cor-
 14 poration and provide a copy of such registration and any certificate of
 15 authority issued by the Idaho secretary of state to the director; and

16 (c) Appoint a registered agent for service of process in Idaho and pro-
 17 vide the director and the Idaho secretary of state with the name and ad-
 18 dress of such registered agent.

19 (4) A bank with a home state other than Idaho shall apply to and receive
 20 the approval of the director prior to any acquisition transaction which, if
 21 approved, would result in a bank, the home state of which is Idaho, becoming a
 22 branch or branches of the out-of-state bank. The director may accept copies
 23 of applications for such transactions made to other state or federal bank su-
 24 pervisory agencies. Without the prior approval of the director pursuant to
 25 this chapter, any merger transaction between a bank chartered by or located
 26 in this state and any out-of-state bank is unlawful.

27 ~~(4) Banks chartered by this state and national banks, the main offices~~
 28 ~~of which are located in this state, may establish or maintain branch banks in~~
 29 ~~other states only in accordance with this chapter.~~

30 (5) A bank, the home state of which is Idaho, shall apply to and receive
 31 the approval of the director prior to any merger transaction which, if ap-
 32 proved, would result in ~~one (1) or more banks~~ a bank chartered by or located
 33 in ~~one (1) or more other states~~ another state becoming a branch or branches of
 34 a the bank whose home state is Idaho.

35 SECTION 25. That Section 26-1605, Idaho Code, be, and the same is hereby
 36 amended to read as follows:

37 26-1605. CONDITIONS. (1) The director shall not approve the acquisi-
 38 tion of a bank, the home state of which is Idaho, if:

39 ~~(a) The bank to be acquired has been in existence and engaged in the~~
 40 ~~business of banking in this state for less than five (5) years;~~

41 ~~(b) The statutes of the home state of the acquiring bank would not ex-~~
 42 ~~pressly allow a bank chartered in this state to acquire a bank in such~~
 43 ~~state.~~

44 (2) Upon notification by a bank, the home state of which is Idaho, that
 45 such bank intends to operate a branch in another state, the department will
 46 have thirty (30) days within which to object or otherwise act upon such an
 47 acquisition.

48 (3) If the director finds a violation of Idaho law concerning the activ-
 49 ities of a bank which has Idaho as a host state, or that such a bank is oper-

1 ating in an unsafe and unsound condition, the director may take any enforce-
2 ment or corrective action authorized under the Idaho bank act. The director
3 may limit the authority of any bank operating in Idaho to accept or retain de-
4 posits originating in Idaho if the bank is operating in an unsafe or unsound
5 manner.