

**187—2.3(17A,524) Merger or purchase and assumption.**

**2.3(1) Definition.** For purposes of this rule, the term “merger” means a merger in which the resulting bank is a state-chartered bank.

**2.3(2) Application.** State banks or national and state banks desiring to merge or a state bank desiring to purchase the assets and assume the liabilities of another bank should first meet with the superintendent to discuss the proposal. An application and supplementary forms may be obtained for submission to the superintendent.

**2.3(3) State-chartered bank as seller.** In the case of a purchase and assumption, if the bank being acquired is a state bank, appropriate forms and instructions for the voluntary liquidation of the bank may be obtained from the superintendent.

**2.3(4) Examination and investigation.** The superintendent may conduct an examination or investigation as deemed necessary.

**2.3(5) Decision.** The superintendent shall approve or deny the application within 90 days after the purchase and assumption application has been accepted for processing and within 180 days after the merger application has been accepted for processing. The decision by the superintendent shall be conveyed in writing to the applicant. If the application is approved, the superintendent shall issue the appropriate authorizations.

**2.3(6) Cash out merger.** Before the superintendent approves any plan of merger that requires state bank shareholders to sell their shares of stock for cash, a determination shall be made by the superintendent that the cash price being paid for such shares is reasonable. The following factors may be considered by the superintendent in making the determination as to whether the cash out merger price for the bank stock is reasonable:

- a. The book value of the bank stock.
- b. Recent sales prices of the bank stock.
- c. Appraisals of the bank stock.
- d. Bank earnings and stock dividend payment history.
- e. Number of shares being purchased.
- f. Any other relevant factors as the superintendent may prescribe.

This rule is intended to implement Iowa Code sections 524.1401 to 524.1405.