

Reported Recommending
Ind. Postponed
Passed House
Failed to Pass House
Passed Senate
Failed to Pass Senate

House File 266

February 13, 1947
Private Corporations.

By KRUSE, FIENE, NELSON of
Woodbury, WEICHMAN.

A BILL FOR

An Act to provide for the formation of associations to purchase or build and own residential, business and commercial properties upon a co-operative basis. To provide for articles of co-operation of such associations and to establish the powers, duties and liabilities of the association and the members thereof.

Be It Enacted by the General Assembly of the State of Iowa:

1 Section 1. Articles. Any two or more persons of full
2 age, a majority of whom shall be citizens of the state, may
3 organize themselves for the following or similar purposes:
4 Ownership of residential, business or commercial property
5 on a co-operative basis. The organizers shall adopt, and
6 sign and acknowledge the articles of co-operation, stating
7 the name by which the co-operation shall be known, the
8 location of its principal place of business, its business or
9 objects, the number of trustees, directors, managers or other
10 officers to conduct the same, the names thereof for the first
11 year, the time of its annual meeting, and of annual meeting
12 of its trustees, or directors and the manner in which the
13 articles may be amended. Said articles of co-operation shall
14 be filed with the secretary of state who shall, if he approves

15 the same indorse his approval thereon, record the same, and
16 thereafter forward the same to the county recorder of the
17 county where the principal place of business is to be located,
18 and there it shall be recorded, and upon recording be returned
19 to the co-operation. The said articles shall not be filed by
20 the secretary of state until a filing fee of \$5.00 is paid, and
21 upon the payment of said fee and the approval of the articles
22 by the secretary of state, he shall issue to said co-operation
23 a certificate of co-operation as a co-operation not for
24 pecuniary profit.

25 Amendments to the articles may be filed and receive
26 approval as provided herein for articles, and the fee therefor
27 shall be \$5.00 in each instance, and no amendment shall be
28 effective until the same is approved and the fee therefor is
29 paid.

1 Sec. 2. Powers—Duration. Upon filing such articles the
2 persons signing and acknowledging the same and their associates
3 and successors shall become a body co-operative with the name
4 therein stated and shall have power;

5 (a) To have perpetual succession by its name, unless a
6 limited period of duration is stated in its articles of
7 co-operation, or they are sooner dissolved by three-fourths
8 ($\frac{3}{4}$) vote of all the members thereof, or by act of the
9 general assembly or by operations of law.

10 (b) To sue and be sued in its co-operative name.

11 (c) To build and construct apartment houses or dwellings

12 and build and construct buildings for office or commercial
13 purposes.

14 (d) To purchase, take, receive, lease as lessee, take
15 by gifts, devise or bequest, or otherwise acquire, and to own,
16 hold, use and otherwise deal in and with any real or personal
17 property or any interest therein.

18 (e) To sell, convey, mortgage, pledge, lease as lessor,
19 and otherwise dispose of all or any part of its property and
20 assets.

21 (f) To make contracts and incur liabilities which may
22 be appropriate to enable it to accomplish any or all of its
23 purposes; to borrow money for its co-operative purposes at
24 such rates of interest as the co-operation may determine, to
25 issue its notes, bonds and other obligations; and to secure,
26 any of its obligations by mortgage, pledge, or deed of trust
27 of all or any of its property.

28 (g) To elect or appoint officers and agents of the
29 co-operation, and to define their duties and fix their
30 compensation.

31 (h) To make and alter by-laws not inconsistent with
32 its articles of co-operation or with the laws of this state,
33 for the administration and the regulation of the affairs of
34 the co-operation.

35 (i) To cease its co-operate activities and surrender
36 its co-operate franchise.

37 (j) To have and exercise all powers necessary or

38 convenient to effect any or all of the purposes for which the
39 co-operation is organized.

1 Sec. 3. Members. A co-operation may have one or more
2 classes of members. The designation of such class or classes
3 and the qualifications and rights of the members of each class
4 shall be set forth in the articles of co-operation or the
5 by-laws. The co-operation must issue certificates or deeds
6 evidencing membership or ownership of a particular interest
7 therein.

1 Sec. 4. Dividends. No dividend or distribution of
2 property among the stockholders shall be made until
3 dissolution of the co-operation.

1 Sec. 5. Trustees or managers. Such co-operation may,
2 annually or oftener, elect from its members its trustees,
3 directors, or managers, at such time and place and in such
4 manner as may be specified in its by-laws, or articles of
5 co-operation, who shall have the control and management of
6 its affairs and funds, a majority of whom shall constitute a
7 quorum for the transaction of business, when a vacancy occurs
8 in its governing body, it shall be filled in such manner as
9 shall be provided in the by-laws, or articles of co-operation.

10 The trustee may be one or more persons, or may be a
11 corporation and need not be a member.

1 Sec. 6. Election of officers. If an election of
2 trustees, directors or managers shall not be made on the day
3 designated by the by-laws, the society for that cause shall

4 not be dissolved, but such election may take place on any other .
5 day directed in the by-laws.

1 Sec. 7. Re-organizing prior to expiration of term. The
2 trustees, directors, or members of any co-operation organized
3 under this chapter may reorganize the same, and all the property
4 and rights thereof shall vest in the co-operation as
5 reorganized.

1 Sec. 8. Re-organizing after expiration of term. When
2 the term of a co-operation organized under this chapter has
3 expired, but the organization has continued to act as such
4 co-operation, the directors or members thereof may reorganize,
5 and the property and rights therein shall vest in the
6 reorganized co-operation for the use and benefit of all of the
7 members in the original co-operation.

1 Sec. 9. Amendments of articles. Any co-operation .
2 organized under this chapter may change its name or amend its
3 articles of co-operation by a vote of a majority of the members,
4 in such manner as may be provided in its articles; but if no
5 such provision is made in the articles the same may be amended
6 at any regular meeting or special meeting called for that
7 purpose by the president or secretary or a majority of the
8 board of directors. Notice of any meeting at which it is
9 proposed to amend the articles of co-operation, shall be
10 given by mailing to each member at his last known post-office
11 address at least ten days prior to such meeting, a notice
12 signed by the secretary setting forth the proposed amendments

13 in substance, or by two publications of said notice in some
14 daily or weekly newspaper in general circulation in the
15 county wherein said co-operation has its principal place of
16 business. The last publication of said notice shall be not
17 less than ten days prior to the date of said meeting.

1 Sec. 10. Record—Effect. The change or amendment
2 provided for in section nine (9) shall be recorded as the
3 original articles are recorded. From the date of filing such
4 change or amendment for record, the provisions of the
5 previous section having been complied with, the change or
6 amendment shall take effect as a part of the original
7 articles, and the co-operation thus constituted shall have the
8 same rights, powers and franchises, be entitled to the same
9 immunities, and liable upon all contracts to the same extent,
10 as before, such change or amendment.

1 Sec. 11. The co-operative association shall have the
2 right to purchase real estate for the purpose of erecting
3 apartment houses or apartment buildings or commercial buildings
4 and the members shall be the owners thereof. The interest of
5 each individual member shall be evidenced by the issuance of
6 a certificate of ownership or deed to a particular apartment
7 or room therein. Such certificate of ownership or deed shall
8 be executed by the president of the co-operation and attested
9 by its secretary in the name and in the behalf of the
10 co-operation.

1 Sec. 12. The title to the real estate upon which the

2 apartment or other buildings if constructed shall be conveyed
3 to the trustees who shall hold the said title for the use and
4 benefit of the owners of such apartments or rooms.

1 Sec. 13. Sale and incumbrance of the premises. Neither
2 the premises nor the real estate shall be sold by the trustees
3 unless a three-fourths (3/4) majority of the owners and the
4 board of directors authorize such sale. No mortgage shall be
5 given by the trustees unless such mortgage is authorized by a
6 resolution of three fourths (3/4) of the owners and the board
7 of directors of the apartments or rooms in said building, and
8 no such mortgage shall be given unless it is given for the
9 purchase of, or repair and maintenance of, such building. Any
10 mortgage executed by the trustees as above provided shall be
11 prior and superior to any mortgage, lien or incumbrance of any
12 individual against any individual apartment or room or the
13 owners interest therein.

1 Sec. 14. Taxation. The real estate shall be taxed in
2 the name of the co-operation, and each person owning an
3 apartment or room shall pay his proportionate share of such
4 tax, and each person owning an apartment as a residence and
5 under the qualifications of the laws of the state of Iowa as
6 such shall receive his proportionate Homestead Tax credit and
7 each veteran of the military services of the United States
8 identified as such under the laws of the state of Iowa or the
9 United States shall receive as a credit his veterans tax
10 benefit as prescribed by the laws of the state of Iowa, and as

11 amended.

1 Sec. 15. The members of the co-operation may adopt
2 house rules and by-laws governing the regulation of the
3 premises generally and may adopt rules and regulations as to
4 the maintenance of the individual apartments or room as to
5 whether or not said apartments or rooms;

6 (a) Shall be used exclusively as a residence.

7 (b) As to the sale and lease of the individual apartments
8 or rooms.

9 (c) As to the payment of all public services rendered
10 to the apartments or rooms.

11 (d) As to any other item or regulation concerning or
12 pertaining to the building, constructing, repair or regulation
13 of the premises or its occupants.

14 The members of the co-operation may, by agreement,
15 contract among themselves as to any regulations, house rules,
16 repairs of premises, addition, construction or any other thing
17 in the conducting of the affairs of the co-operation, but
18 such agreement shall not be binding upon innocent purchasers
19 or incumbrances unless it be recorded in the office of the
20 county recorder in the county in which the co-operation is
21 organized.

1 Sec. 16. Board of Directors. Unless otherwise provided
2 in the agreement, it shall be the duty of the board of
3 directors to maintain generally the building and the grounds.
4 They shall keep in repair as far as practical, the outside

5 wall, stairways, roof, halls, and the structure of the building,
6 and the cost thereof shall be contributed to by each of the
7 apartment owners in proportion as their interest appears. And
8 any default in payment thereof by any owner of any apartment
9 may be assessed against such apartment by the board of
10 directors and such apartment shall be liable therefor. The
11 said sums so unpaid shall be a lien against the said apartment,
12 but shall not be personal liability of the apartment owners,
13 and shall be prior to any existing lien against the owner but
14 shall be subsequent to any lien placed thereon by the trustee,
15 and upon nonpayment upon demand may be enforced as a mortgage
16 against said apartment by the co-operation.

1 Sec. 17. The members of the co-operative may contract
2 among themselves with reference to all public service
3 requirements, including heat, light and water supplies, of
4 said building, and unless otherwise provided in the agreement
5 it shall be the duty of the board of directors to furnish such
6 public service requirements and the cost thereof shall be
7 divided proportionately among the apartment owners, and upon
8 nonpayment upon demand, may be enforced as provided by
9 section 16 hereof.

10 In the event that the heating plant and the water supply
11 of such apartment is a general heating plant, then the board
12 of directors may furnish fuel and water to said premises,
13 and each apartment without discrimination, and the cost
14 thereof shall be paid by the several apartment owners in

15 proportion to their interest.

1 Sec. 18. Homestead. The ownership of an individual
2 apartment shall constitute a homestead and be exempt from
3 execution, provided the owner otherwise qualified within the
4 laws of the state of Iowa for such exemption.

1 Sec. 19. Election of Directors. The directors authorized
2 under this chapter shall be elected by the members of the
3 co-operation. If one member owns more than one apartment he
4 may nevertheless have but one vote at such election. If any
5 apartment or room is owned by more than one member they may,
6 nevertheless, have but one vote at such election. The election
7 of officers shall be made by the board of directors. The
8 officers and board of directors may hire a custodian or janitor
9 for reasonable compensation to generally serve and oversee
10 the apartment building. The annual election of the directors
11 shall be held during the month of January of each year, and
12 they shall serve until their successors are elected and
13 qualified.

14 The board of directors shall elect as officers, a
15 president and a secretary.

16 It shall be the duty of the secretary to keep the records
17 of the co-operation, a correct list of the owners and lessees
18 of each apartment, and all such records shall be submitted to
19 any apartment or room owner upon demand at any reasonable
20 time.

1 Sec. 20. This act shall be known and cited as

2 "The Multiple Housing Act of 1947."

1 Sec. 21. This act being deemed of immediate importance,

2 shall be in full force and effect from and after its passage

3 and publication in,

4 a newspaper published at, Iowa,

5 and in the, a newspaper

6 published at, Iowa,

EXPLANATION OF H. F. 266

This bill provides a method whereby a group of people may own and operate an apartment building and wherein every individual will own his own apartment and be entitled to homestead tax exemption.

The mechanics are set forth in the proposed bill whereby each of the owners will have a voice in the cost of operation and maintenance which is required to operate the structure.

At the present time, there are no such mechanics in the State of Iowa for persons desiring to own their own apartments in an apartment house.