

1 SEC. 3. In no event shall this act be in force after December 31, 1938.

1 SEC. 4. This act being adopted to meet an emergency through police  
2 power of the state and being deemed of immediate importance shall be  
3 in full force and effect after its passage and publication in the Mount  
4 Pleasant Free Press and the Des Moines Register, newspapers pub-  
5 lished at Mount Pleasant, Iowa, and Des Moines, Iowa, respectively.

Senate File 227. Approved May 14, 1935.

I hereby certify that the foregoing was published in the Mount Pleasant Free Press, May 23, 1935, and the Des Moines American Citizen, May 24, 1935.

MRS. ALEX MILLER, *Secretary of State.*

Note: The Des Moines American Citizen substituted for the Des Moines Register in accordance with section 55, code, 1931.

## CHAPTER 94

### COOPERATIVE CORPORATIONS

#### S. F. 113

AN ACT to revise and modernize the laws relating to cooperative corporations with and without capital stock; to define such corporations, and other terms; to provide for the incorporation, regulation, renewal, dissolution and internal affairs of such corporations; to define their necessary and permissible powers and activities; to provide for classes of stockholders and the rights, privileges, duties and obligations of stockholders and members; to exempt certain cooperative securities from the Iowa securities act; to permit marketing contracts and provide remedies thereon; to require certain fees, reports and penalties; to regulate the use of the word "cooperative"; to extend the act to certain existing cooperatives; to permit the admission of foreign cooperatives; to limit the application of chapters three hundred eighty-nine (389) and three hundred ninety (390) of the 1931 code of Iowa, and for other related purposes.

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

1 SECTION 1. This act applies only to cooperative associations as de-  
2 fined in section two (2) hereof. All such associations hereafter formed  
3 must be organized under this act.

1 SEC. 2. a. A "cooperative association" is one which, in serving some  
2 purpose enumerated in section six (6) hereof, deals with or functions  
3 for its members at least to the extent required by section three (3),  
4 and which distributes its net earnings among its members in proportion  
5 to their dealings with it, except for limited dividends or other items  
6 permitted in this act; and in which each voting member has one vote  
7 and no more.

8 b. "Association" means a corporation formed under this act.

9 c. "Agricultural products" include horticultural, viticultural, forest-  
10 ry, dairy, livestock, poultry, bee and any other farm products.

11 d. "Agricultural associations" are those formed for a purpose speci-  
12 fied in subsection b, section six (6).

13 e. "Member" refers not only to members of nonstock associations  
14 but also to common stockholders of stock associations, unless the con-  
15 text of a particular provision otherwise indicates.

1 SEC. 3. Dealing with non-members. a. A nonstock livestock ship-  
2 ping association shall not handle livestock of any non-members.

3 b. Any association may limit its dealings or any class thereof to  
4 members only.

5 c. No association shall, during any year, deal or function with or for  
6 non-members to an extent exceeding one half of the value of business  
7 done. This provision shall not apply to its sales or services to municip-  
8 al or governmental bodies; nor to agricultural associations' purchases  
9 from or sales to corporate landowners who are not primarily engaged  
10 in the business of farming.

1 SEC. 4. Use of term cooperative restricted. No person or firm, and  
2 no corporation hereafter organized, which is not an association defined  
3 herein, shall use the word "cooperative" or any abbreviation thereof in  
4 its name or advertising or in any connection with its business, except  
5 foreign associations admitted under section fifty-four (54). The attor-  
6 ney general or any association or any member thereof may sue and  
7 enjoin such use.

1 SEC. 5. Five or more individuals, or two or more associations, may  
2 organize an association. All individual incorporators of agricultural  
3 associations must be engaged in producing agricultural products, which  
4 term shall include landlords and tenants as specified in section thirteen  
5 (13) hereof.

1 SEC. 6. Associations may be formed either:

2 a. To conduct a mercantile, manufacturing, mechanical or mining  
3 business, or to construct or operate telephone or electric transmission  
4 lines; or

5 b. To produce, grade, blend, preserve, process, store, warehouse,  
6 market, sell or handle any agricultural product, or any by-product  
7 thereof; or to purchase, produce, sell or supply machinery, petroleum  
8 products, equipment, fertilizer, supplies, business or educational service  
9 to or for those engaged as bona fide producers of agricultural products;  
10 or to finance any such activities; or to engage in any cooperative activity  
11 connected with any of said purposes; or for any number of these pur-  
12 poses.

1 SEC. 7. Except as expressly limited in its articles, each association  
2 shall have power to do anything permitted anywhere in this act, and  
3 also:

4 a. To conduct any business enumerated in section six (6) hereof  
5 which its articles specify; and to conduct such business either as prin-  
6 cipal or as agent for its members.

7 b. To borrow any amounts of money, and give any form of obligation  
8 or security therefor.

9 c. To make advances to patrons or members, or members of member-  
10 associations, and take any form of obligation or security therefor. To  
11 acquire, hold, transfer or pledge any obligation or security represent-  
12 ing funds actually advanced or used for any cooperative activity; or  
13 stock, memberships, bonds or obligations of any cooperative organiza-  
14 tion dealing in any product handled by the association, or any by-prod-  
15 uct thereof; to make any contract, endorsement or guaranty it deems  
16 desirable incident to its transfer or pledge of any obligation or security.  
17 No association organized under this act shall engage in the business of  
18 banking. Provided, however, that nothing in this act shall be construed  
19 in any way to repeal or change chapter four hundred fifteen-B one,  
20 (415-B1), code, 1931, relating to cooperative banks.

21 d. To acquire, own or dispose of any real or personal property deemed  
22 convenient for its business, including patents, trademarks and copy-  
23 rights.

24 e. To exercise any power, right or privilege suitable or necessary  
25 for, or incident to, promoting or accomplishing any of its powers, pur-  
26 poses or activities, or granted to ordinary corporations, save such as  
27 are inconsistent with this act.

28 f. To exercise any of its powers anywhere.

1 SEC. 8. An agricultural association may contract with any member  
2 for his exclusive sale to or through it, of all or any part of his agricul-  
3 tural products or other designated commodities. Such contracts may  
4 permit the association to take and sell the property without acquiring  
5 title thereto, and pay the member the sale price less costs and expenses  
6 of selling, which may include the member's prorata portion of the  
7 association's annual outlay for overhead, interest, preferred dividends,  
8 reserves or other specified charges. Such contracts must be for a speci-  
9 fied time, not less than one year. Each contract shall fix a period of  
10 at least ten days during each year after the first, within which either  
11 party may terminate it without affecting any liability previously  
12 accrued.

1 SEC. 9. a. Contracts permitted by section eight (8) may provide  
2 that the member pay the association any sum, fixed in amount or by a  
3 specified method of computation, for each violation thereof; also all  
4 the association's expenses of any suit thereon, including bond premiums  
5 and attorney's fees. All such provisions shall be enforced as written,  
6 whether at law or in equity, and shall be deemed proper measurement  
7 of actual damages, and not penalties or forfeitures.

8 b. The association may obtain specific performance of any such con-  
9 tract, or enjoin its threatened or continued breach, despite the ade-  
10 quacy of any legal or other remedy.

11 c. If the association files a verified petition, showing an actual or  
12 threatened breach of any such contract and seeking any remedy there-  
13 for, the court or any judge thereof shall, without notice or delay but  
14 on such bond as it deems proper, issue a temporary injunction against  
15 such breach or its continuance.

16 d. The parties to such contracts may agree to arbitrate any contro-  
17 versy subsequently arising thereunder, and fix the number of arbitra-  
18 tors and method of their appointment. Such agreements shall be valid  
19 and irrevocable, except on such grounds as invalidate contracts gener-  
20 ally. If they specify no method for appointing arbitrators, or if either  
21 party fails to follow such method, or if for any reason arbitrators are  
22 not named or vacancies filled, either party may apply to the district  
23 court to designate the necessary arbitrator, who shall then act under  
24 the agreement with the same authority as if named in it. Unless other-  
25 wise agreed, there shall be but one arbitrator.

1 SEC. 10. Any association may make any agreement or arrangement  
2 with any other association or cooperative organization for the coop-  
3 erative or more economical carrying on of any of its business. Any  
4 number of such associations or organizations may unite to employ or  
5 use, or may separately employ or use, the same methods, means or  
6 agencies for conducting their respective businesses.

1 SEC. 11. No association, contract, method or act which complies  
2 with this act shall be deemed a conspiracy or combination in restraint  
3 of trade or an illegal monopoly, or an attempt to lessen business or  
4 fix prices arbitrarily, or to accomplish any improper or illegal purpose.

1 SEC. 12. The private property of the members or stockholders  
2 shall be exempt from execution for the debts of the corporation.

1 SEC. 13. No membership or share of common stock shall ever be  
2 issued to, or held by, any party not eligible to membership in the  
3 association under its articles. Individuals may be made eligible only  
4 if they are engaged in producing products marketed by the association,  
5 or if they customarily consume or use the supplies or commodities  
6 it handles, or use the services it renders. Farm tenants, and land-  
7 lords who receive a share of agricultural products as rent, may be  
8 made eligible to membership in agricultural associations as producers.  
9 Other associations engaged in any directly or indirectly related ac-  
10 tivity may be made eligible to membership. Federated associations  
11 may be formed whose membership is restricted to cooperative associa-  
12 tions.

1 SEC. 14. Membership in nonstock associations. Membership in  
2 associations without capital stock may be acquired by eligible parties  
3 in the manner provided in the articles, which shall specify the rights  
4 of members, the issuing price of memberships, and what, if any, fixed  
5 dividends accrue thereon. If the articles so provide, membership  
6 shall be of two classes, voting and non-voting. Voting members shall  
7 be agricultural producers, and all other members shall be non-voting  
8 members. Non-voting members shall have all the rights of membership  
9 except the right to vote.

1 SEC. 15. Contents of certificates. The association shall issue cer-  
2 tificates of membership or stock, each of which state the fixed dividend,  
3 if any, and the restrictions or limitations upon its ownership, voting,  
4 transfer, redemption or cancellation.

1 SEC. 16. Subscriptions—Issuing certificates. If the articles permit,  
2 any eligible subscriber for common stock or membership may vote  
3 and be treated as a member, after making part payment therefor in  
4 cash and giving his note for the balance. Such subscriptions may be  
5 forfeited as provided in section thirty-two (32). No stock or mem-  
6 bership certificate shall be issued until fully paid for. No subscriber  
7 shall hold office until his certificate has been issued.

1 SEC. 17. Transfer of stock or membership. No common stock shall  
2 be transferable, unless the articles expressly provide for transfer to  
3 others eligible for membership. Such provision may require that  
4 the transfer be preceded by an offer to the association, or be other-  
5 wise restricted. No nonstock membership shall be transferable, and  
6 all certificates thereof shall be surrendered to the association on the  
7 member's voluntary withdrawal.

1 SEC. 18. Expulsion of members. The directors may expel any  
2 member if he has attempted to transfer his membership or stock in  
3 violation of its terms, or has wilfully violated any article or by-law  
4 which provides for such penalty.

1 SEC. 19. Cancellation of membership or stock. If a common stock-  
2 holder or member dies, or becomes ineligible, or is expelled, his stock  
3 or membership shall forthwith be canceled. In cases of expulsion the  
4 association shall pay him its value as shown by the books on the date  
5 of cancellation, but not more than its original issuing price, within  
6 sixty days thereafter. In cases of death or ineligibility, it shall pay  
7 such value to him or his personal representative within two years there-  
8 after, without interest.

1 SEC. 20. Withdrawal of members. The articles may permit and  
2 regulate voluntary withdrawal of members and the resulting cancella-  
3 tion of their common stock and memberships.

1 SEC. 21. Obligations not affected. The death, expulsion or with-  
2 drawal of a member shall not impair his contracts, debts, or obliga-  
3 tions to the association.

1 SEC. 22. Capital stock. Associations with capital stock may divide  
2 the shares into common and preferred stock. Par value stock shall  
3 not be issued for less than par. The general corporation laws shall  
4 govern the consideration for which no-par stock is issued. If the  
5 articles so provide, common stock may be issued in two classes,  
6 voting and non-voting. Voting stock shall be issued to all agricultural  
7 producers and non-voting stock to all other members. Non-voting  
8 stock shall have all privileges of membership except the right to vote.  
9 Preferred stock held by non-members shall not exceed in amount that  
10 held by members.

1 SEC. 23. Dividends on common stock. Unless the articles provide  
2 that common stock shall receive no dividends, the directors may de-  
3 clare non-cumulative dividends thereon at such rate as they may fix,  
4 not exceeding eight (8) per cent per annum.

1 SEC. 24. Preferred stock. Preferred stock shall bear cumulative  
2 or non-cumulative dividends as fixed by the articles, not exceeding  
3 eight (8) per cent per annum. It shall have no vote. It shall be  
4 issued and be transferable without regard to eligibility or membership,  
5 and be redeemable on terms specified in the articles. The directors  
6 shall determine the time and amount of its issue.

1 SEC. 25. Issuing preferred stock in purchases. An association  
2 may discharge all or any part of obligations incurred in purchasing any  
3 business, property or stock, or an interest therein, by issuing its  
4 authorized preferred stock in an amount not exceeding the fair market  
5 value of the thing purchased. Issuance of such stock in an amount  
6 exceeding twenty-five thousand (25,000) dollars shall be governed  
7 by the law as found in sections eighty-four hundred thirteen (8413)  
8 and eighty-four hundred fourteen (8414), chapter three hundred  
9 eighty-six (386) of the 1931 code of Iowa. Issuance of such stock  
10 in amounts smaller than twenty-five thousand (25,000) dollars shall  
11 be upon the fair market value of the property purchased, as deter-  
12 mined through an appraisal made by the directors or a competent  
13 appraiser employed by the directors. Within thirty days after such  
14 issue, the association shall file with the secretary of state a verified  
15 report containing an accurate detailed description of the thing pur-  
16 chased, the valuation thereof by the directors, and the amount of pre-

17 ferred stock thus issued. Such preferred stock shall be valid as though  
18 paid for in cash.

1 SEC. 26. Service charges. Unless the articles otherwise provide,  
2 the by-laws or the directors may prescribe charges to be made to  
3 each member for services rendered him or upon products bought from  
4 or sold to him, and the time and manner of their collection.

1 SEC. 27. Meetings. a. Regular meetings of members shall be held  
2 at least once each year, the first of which shall be on the date specified  
3 in its articles. Unless otherwise provided in the articles or by-laws,  
4 subsequent meetings shall be on the same date in each succeeding  
5 year.

6 b. Unless otherwise provided in the articles, the directors may call  
7 special meetings of members, and must do so upon written demand of  
8 twenty (20) per cent of the members.

9 c. Unless he waives it in writing, each member shall have ten  
10 days' written notice of the time and place of all meetings, and of the  
11 purpose of all special meetings. Such notice shall be given to him  
12 in person or by mail directed to his address as shown on the books  
13 of the association, or if the articles so provide, by publication in a  
14 regular publication of general circulation among its members, or a  
15 newspaper of general circulation published at the principal place  
16 of business of the association.

1 SEC. 28. Number of votes. No member may own more than one  
2 membership or share of common stock. Each voting member shall  
3 be entitled to one vote and no more at all corporate meetings.

1 SEC. 29. Manner of voting. Votes shall be cast in person, and not  
2 by proxy. The vote of a member-association shall be cast only by its  
3 representative duly authorized in writing. If the articles or by-laws  
4 permit, an absent member may cast his signed written vote upon any  
5 proposition of which he has been previously notified in writing, and  
6 of which a copy accompanies his vote.

1 SEC. 30. Distribution of earnings. The directors shall annually  
2 dispose of the earnings of the association in excess of its operating  
3 expenses as follows:

4 a. To provide a reasonable reserve for depreciation, obsolescence,  
5 bad debts, or contingent losses or expenses.

6 b. At least ten (10) per cent of the remaining earnings must be  
7 added to surplus until surplus equals either (first) thirty (30) per cent  
8 of the total of all capital paid in for stock or memberships, plus all  
9 unpaid patronage dividends, plus certificates of indebtedness payable  
10 upon liquidation, or (second) one thousand (1,000) dollars, whichever  
11 is greater. No additions shall be made to surplus whenever it exceeds  
12 either fifty (50) per cent of such total, or one thousand (1,000) dollars,  
13 whichever is greater.

14 c. Not less than one (1) per cent nor more than five (5) per cent  
15 of such earnings in excess of reserves may be placed in an educational  
16 fund, to be used as the directors deem suitable for teaching or pro-  
17 moting cooperation.

18 d. After the foregoing, to pay fixed dividends on stock or member-  
19 ships, if any.

20 e. All remaining net earnings shall be allocated to a revolving  
21 fund and shall be credited to the account of each member, including  
22 subscribers described in section sixteen (16), ratably in proportion  
23 to the business he has done with the association during such year.  
24 Such credits are herein referred to as "deferred patronage dividends."

1 SEC. 31. Control of allocation by members. The members may at  
2 any meeting control the amount to be allocated to surplus or educa-  
3 tional fund, within the limits specified in section thirty (30), or the  
4 amount to be allocated to reserves.

1 SEC. 32. Patronage dividends of subscribers. Patronage dividends  
2 to subscribers whose stock or membership is not fully paid in cash  
3 shall be applied toward such payment until it is completed. If the  
4 articles or by-laws so provide, subscriptions not fully paid within  
5 two years may be canceled and all payments or patronage dividends  
6 thereon forfeited.

1 SEC. 33. Use of revolving fund. The directors may use the re-  
2 volving fund to pay the obligations or add to the capital of the asso-  
3 ciation or retire its preferred stock. In such event the deferred  
4 patronage dividends credited to members shall constitute a charge  
5 on the revolving fund and future additions thereto, and on the cor-  
6 porate assets, subordinate to creditors and preferred stockholders  
7 then or thereafter existing. Deferred patronage dividends for any  
8 year shall have priority over those for any subsequent year.

1 SEC. 34. Patronage dividend certificates. If its articles or by-laws  
2 so provide, an association may issue transferable or nontransferable  
3 certificates for deferred patronage dividends.

1 SEC. 35. Time of payment. Credits or certificates referred to in  
2 the last two sections shall not mature until the dissolution or liquida-  
3 tion of the association, but shall be callable by the association at any  
4 time in the order of priority specified in section thirty-three (33).

1 SEC. 36. Directors. a. The affairs of each association shall be man-  
2 aged by a board of not less than five directors, who must be mem-  
3 bers of the association or officers or members of a member-association.  
4 They shall be elected by the members as the articles prescribe.

5 b. Unless the articles or by-laws otherwise provide, vacancies in  
6 the board shall be filled by the remaining directors, the director thus  
7 selected to serve for the remainder of the vacant term.

8 c. The articles or by-laws may permit the directors to select an  
9 executive committee from their own number; and may prescribe its  
10 authority, which may be co-extensive with that of the whole board.

11 d. Directors shall be elected by districts, if the articles specify the  
12 districts, the number of directors from each, the manner of nomina-  
13 tion, redistricting or reapportionment, and whether directors shall  
14 be directly elected by the members or by delegates chosen by them.  
15 Districts shall be so formed and redistricting shall be ordered, from  
16 time to time, so that the districts contain as nearly as possible an  
17 equal number of members.

1 SEC. 37. Officers and employees. a. The directors shall select from  
2 their own number a president, one or more vice presidents, a secretary-

3 treasurer or a secretary and a treasurer, and shall fill vacancies in such  
4 offices. Unless the articles or by-laws otherwise provide, said officers  
5 shall be chosen for annual terms at the close of the first regular meet-  
6 ing of members in each year.

7 b. The directors shall also choose and may remove such other officers  
8 and employees as they deem proper, or as the articles or by-laws may  
9 prescribe.

1 SEC. 38. Removal of officers and directors. At any meeting called  
2 for that purpose, any officer or director may be removed by vote of a  
3 majority of all voting members of the association. A director chosen  
4 under section thirty-six (36), paragraph d, may likewise be removed  
5 by vote of a majority of all members in his district.

1 SEC. 39. Referendum. If provided for in the articles of incorpora-  
2 tion, any action of directors shall, on demand of one third of the direc-  
3 tors made and recorded at the same meeting, be referred to a regular  
4 or special meeting of members called for such purpose. Such action  
5 shall stand until and unless annulled by a majority of the votes cast  
6 at such meeting, which vote shall not impair rights of third parties  
7 previously acquired.

1 SEC. 40. Articles. Articles of incorporation must be signed and  
2 acknowledged by each incorporator. They may deal with any fiscal or  
3 internal affair of the association or any subject hereof in any manner  
4 not inconsistent with this act. All articles must state in the English  
5 language:

6 a. The name of the association, which must include the word "co-  
7 operative"; and the address of its principal office.

8 b. The purposes for which it is formed, and a statement that it is  
9 organized under this act.

10 c. Its duration, which may be perpetual.

11 d. The name, occupation and post-office address of each incorporator.

12 e. The number of directors, their qualifications and terms of office  
13 and how they shall be chosen and removed.

14 f. Who are eligible for membership, how members shall be admitted  
15 and membership lost, how earnings shall be distributed among mem-  
16 bers, how assets shall be distributed in liquidation, and, in addition,  
17 either:

18 1. That the association shall have capital stock; the classes, par value  
19 and authorized number of shares of each class thereof; how shares  
20 shall be issued and paid for; and what rights, limitations, conditions  
21 and restrictions pertain to the stock, which shall be alike as to all stock  
22 of the same class; or

23 2. That the association shall have no capital stock, and what limita-  
24 tions, conditions, restrictions and rights pertain to membership; and if  
25 the rights are unequal, the rules respecting them shall be specifically  
26 stated.

27 g. The date of the first regular meeting of members.

1 SEC. 41. Amendments. Articles may be amended at any meeting  
2 called for that purpose, an exact copy of the proposed amendment hav-  
3 ing been first mailed to each member ten days prior to such meet-  
4 ing, by an affirmative vote of three fourths of all votes cast, providing  
5 that at least twenty-five (25) per cent of all members vote thereon.



6 Amendments, signed and acknowledged by officers designated for  
7 such purpose, shall be filed and recorded as provided in section forty-  
8 four (44).

1 SEC. 42. Renewal. An association may extend its duration per-  
2 petually, or for any definite time, by resolution adopted by a majority  
3 of all its members, or any different vote for which the articles may  
4 provide, at a meeting called for that purpose and held before its orig-  
5 inal expiration.

6 Unless the association has meanwhile wound up, its duration may  
7 be extended in like manner within three years after its original ex-  
8 piration, with the same effect as if done prior thereto, by a vote of  
9 two thirds of all its members.

10 The resolution must state the name of the association, its original  
11 expiration date, and for how long thereafter its duration is extended,  
12 and must also adopt, and designate officers to execute, renewal articles  
13 of incorporation containing the things required in section forty (40).

14 The renewal articles shall be signed, filed and recorded as required  
15 by section forty-one (41) hereof. Renewal shall not relieve the associa-  
16 tion from fees, charges or penalties which may have accrued against it.

1 SEC. 43. Existing corporations adopting this act.

2 a. Any existing Iowa cooperative corporation may, by a majority  
3 vote of all its members, at a meeting called for that purpose and held  
4 before its present articles expire, amend its articles so as to comply  
5 with this act and section forty (40), which may extend its corporate  
6 duration. Such amended articles, signed and acknowledged by officers  
7 designated for that purpose, shall be filed and recorded, and a certifi-  
8 cate of incorporation issued, as required by section forty-four (44)  
9 hereof, whereupon such corporation shall be deemed an association  
10 under this act.

11 b. Any such existing corporation whose present articles have now  
12 expired, or will expire before January 1, 1938, may adopt this act as  
13 above provided at any time before that date, with the same effect as  
14 though done before such articles expired.

15 c. If any shareholder or member of such corporation vote against  
16 such amendment, those voting for it shall purchase his stock or interest  
17 at its real value, within two years from the date of such vote, paying  
18 interest thereon at the rate of six (6) per cent until paid. The associa-  
19 tion may retire the stock or interest thus purchased.

20 d. If any shareholder or member of such corporation shall not be  
21 eligible to continue membership under such amendment, the associa-  
22 tion shall within two years after the amendment is filed purchase and  
23 retire his stock or membership for its real value.

24 e. It shall be presumed that the real value of such stock or interest  
25 is its proportionate share of the corporate assets at book value less  
26 liabilities as shown by its books.

1 SEC. 44. Filing, recording, certificate of incorporation. Articles,  
2 amendments, and renewals shall be filed with and approved and re-  
3 corded by the secretary of state; and recorded in the county where the  
4 association has its principal place of business, as required by the gen-  
5 eral corporation laws.

6 Upon approving the articles, the secretary of state shall issue a cer-  
7 tificate of incorporation, whereupon corporate existence shall begin.

1 SEC. 45. Fees. The following fees shall be paid to the secretary of  
2 state:

3 a. Upon filing articles of incorporation or renewals thereof, ten  
4 (10) dollars for authorized capital stock up to twenty-five thousand  
5 (25,000) dollars, and one (1) dollar per one thousand (1,000) dollars  
6 or fraction in excess thereof; or ten (10) dollars if there be no capital  
7 stock.

8 b. Upon filing amendments, one (1) dollar, and if authorized capital  
9 stock is increased to an amount exceeding twenty-five thousand (25,-  
10 000) dollars, an additional fee of one (1) dollar per thousand (1,000)  
11 dollars or fraction of such excess.

12 c. Upon filing all articles, renewals, or amendments, a recording  
13 fee of ten (10) cents per one hundred (100) words, but not less than  
14 fifty (50) cents.

15 d. An annual license fee of one (1) dollar shall be paid by each  
16 domestic or foreign association on or before the first day of April in  
17 each year, with its annual report.

1 SEC. 46. By-laws. Unless the articles otherwise provide, the di-  
2 rectors may adopt by-laws for the association, which shall remain in  
3 force until altered by a vote of a majority of the members, or such  
4 larger vote as may be fixed by its articles. By-laws shall be kept by  
5 the secretary subject to inspection by any member at any time. By-  
6 laws may deal with the fiscal or internal affairs of the association or  
7 any subject of this act in any manner not inconsistent with this act  
8 or the articles.

1 SEC. 47. Dissolution. a. An association whose duration has expired,  
2 or which is sooner dissolved by voluntary act of its members, shall  
3 continue to exist for the purpose of winding up its affairs until its  
4 complete liquidation under clause c hereof.

5 b. An association may be dissolved by two thirds of all votes cast  
6 at any meeting called for that purpose at which a majority of all  
7 voting members vote.

8 c. Upon the expiration or voluntary dissolution of an association,  
9 the members shall designate three of their number as trustees  
10 to replace the officers and directors and wind up its affairs. Such  
11 trustees shall thereupon have all the powers of the board, including  
12 the power to sell and convey all real or personal property and execute  
13 conveyances thereof. Within the time fixed in their designation, or  
14 any extension thereof, they shall liquidate its assets, pay its debts  
15 and expenses, and distribute any remaining funds among the members,  
16 and thereupon the association shall stand dissolved and cease to exist.  
17 The trustees shall make, sign, and acknowledge a duplicate report of  
18 such dissolution, filing one with the secretary of state and one  
19 with the recorder of the county where the articles were recorded.

20 d. The trustees and their successors in office shall be chosen, and  
21 the time for their action fixed and extended, by a majority of all  
22 votes cast at any meeting called for such purpose.

1 SEC. 48. Distribution in liquidation. On dissolution or liquidation,  
2 the assets of the association shall first pay liquidation expenses, next  
3 its obligations other than patronage dividends or certificates issued  
4 therefor; and the remainder shall be distributed in the following  
5 priority:

- 6 a. To pay preferred stock and any dividends accrued thereon.  
7 b. To pay any deferred patronage dividends or certificates issued  
8 therefor. If the fund is insufficient to pay them all, it shall be pro-  
9 rated regardless of the priority specified in sections thirty-three (33)  
10 and thirty-five (35).  
11 c. To pay to members or common stockholders the amounts for  
12 which their memberships or shares were originally issued, together  
13 with such accrued dividends, if any, as the articles provide.  
14 d. Any remaining assets shall be distributed among the members at  
15 the date of dissolution or liquidation in proportion to their deferred  
16 patronage dividends.

1 SEC. 49. Annual reports. Each association shall, before April first  
2 of each year, file a report with the secretary of state on forms pre-  
3 scribed by him, to be accompanied by the annual fee required by  
4 section forty-five (45) paragraph d. Such report shall be sworn to  
5 by an officer of the association, or a receiver or trustee liquidating its  
6 affairs, and shall state:

- 7 a. Its name and address.  
8 b. The names, addresses and occupations of its officers and directors.  
9 c. The number of shares of each class of stock authorized and out-  
10 standing and the par value thereof; or, if there be none, the number  
11 of members and the amount of membership fees paid in.  
12 d. The nature and character of its business.  
13 e. What percentage of its business was done with or for its own  
14 members during the preceding fiscal or calendar year, and what per-  
15 centage thereof was done with or for each class of non-members  
16 specified in section three (3), paragraph c.  
17 f. Any other information deemed necessary by the secretary to  
18 advise him whether the association is actually functioning as a  
19 cooperative.

1 SEC. 50. Notice of delinquent reports. Before May fifteenth the  
2 secretary shall send to each association failing to report or pay the  
3 fee, a registered letter directed to its principal office specified in  
4 its articles, stating the delinquency and its consequences.

1 SEC. 51. Forfeiture. If an association fails to file such report or  
2 pay such fee before July first, its corporate rights shall stand forfeited.  
3 The secretary shall notify it thereof by mail, remove its name from  
4 his list of live corporations, and notify the attorney general who shall  
5 cause its affairs to be wound up.

1 SEC. 52. Reinstatement. If, following such forfeiture, the asso-  
2 ciation shall file the report and pay the annual fee plus a penalty of  
3 ten (10) dollars and all actual expenses of any suit begun to wind  
4 it up, and shall make a showing of good cause for its delinquency  
5 which is satisfactory to the secretary of state and the secretary shall  
6 set aside such forfeiture and any such suit shall be dismissed.

1 SEC. 53. Quo warranto. The right of an association to exist or  
2 continue under this act may be inquired into by the attorney general,  
3 but not otherwise. If from its annual report or otherwise, the secre-  
4 tary of state is informed that it is not functioning as a cooperative,

5 he shall so notify the attorney general, who, if he finds reasonable  
6 cause so to believe, shall bring action to oust it and wind up its affairs.

1 SEC. 54. Foreign associations. a. Any foreign corporation now  
2 or hereafter organized under generally similar laws of any other state  
3 shall be admitted to do business in Iowa upon compliance with the  
4 general laws relating to foreign corporations and payment of the  
5 fees required by section forty-five (45) of this act. Upon the secretary  
6 of state being satisfied that such foreign corporation is so organized  
7 and has so complied, he shall issue it a certificate authorizing it to do  
8 business in Iowa.

9 b. Such foreign associations thus admitted shall be entitled to all  
10 remedies provided in this act, and to enforce all contracts thereto-  
11 fore or thereafter made by it which any association might make under  
12 this act.

13 c. If such foreign corporation amends its articles it shall forthwith  
14 file a copy thereof with the secretary of state, certified by the secretary  
15 or other proper official of the state under whose laws it is formed,  
16 and shall pay the fees prescribed for amendments by section forty-  
17 five (45).

1 SEC. 55. Individual exemptions applicable. All exemptions or  
2 privileges applying to agricultural products in the possession or control  
3 of the individual producer shall apply to such products in the  
4 possession or control of any association which have been delivered to  
5 it by its members.

1 SEC. 56. Conflicting laws not applicable. Any law conflicting with  
2 any part of this act shall be construed as not applicable to associations  
3 formed hereunder.

1 SEC. 57. Reserved powers. The state reserves the right to modify,  
2 amend or repeal this act, or any part hereof, and to cancel, modify,  
3 repeal or extend any grant, power, permit or franchise obtained or  
4 secured under this act, at any future time.

1 SEC. 58. Limitation of promotion expense. No funds of the asso-  
2 ciation shall be used, nor any of its stock or memberships issued for  
3 any promotion expenses, either in the form of commissions, fees,  
4 salaries or otherwise.

1 SEC. 59. Exemptions from securities act. None of the exemptions  
2 contained in section eighty-five hundred eighty-one-c four (8581-c4)  
3 and eighty-five hundred eighty-one-c five (8581-c5), chapter three  
4 hundred ninety-three-C one (393-C1), code of 1931, shall apply to  
5 any security issued by any association formed hereunder, when the  
6 total amount thereof exceeds twenty-five thousand (25,000) dollars.

7 This section shall not apply to certificates of interest or indebted-  
8 ness issued to members or patrons for revolving fund deductions or  
9 for deferred patronage dividends.

1 SEC. 60. Constitutionality, saving clause. The invalidity of any  
2 part or clause of this act shall not affect the validity of any other  
3 clause or portion thereof which can be given effect without such invalid  
4 part.

1 SEC. 61. The provisions of chapters three hundred eighty-nine  
 2 (389) and three hundred ninety (390), code, 1931, are hereby declared  
 3 inoperative as to corporations chartered from and after July 4, 1935,  
 4 but said chapters three hundred eighty-nine (389) and three hundred  
 5 ninety (390), code, 1931, shall continue in force and effect as to  
 6 corporations organized or operating thereunder prior to July 4, 1935,  
 7 so long as any such corporations elect to operate under or renew  
 8 their charters under said chapters.

Senate File 113. Approved May 3, 1935.

#### CHAPTER 95

##### INVESTMENT OF FUNDS. FRATERNAL BENEFICIARY SOCIETIES

###### H. F. 111

AN ACT to amend paragraph eight (8) of section eighty-eight hundred twenty-nine (8829), code, 1931, relating to the investment of the funds of fraternal beneficiary societies, orders, or associations.

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

1 SECTION 1. Paragraph eight (8) of section eighty-eight hundred  
 2 twenty-nine (8829), code, 1931, is amended by striking out the figures  
 3 "8825" as they appear in line 12 from the bottom of the section, and by  
 4 inserting in lieu of said stricken figures the following figures, to wit:  
 5 "8830."

House File 111. Approved April 11, 1935.

#### CHAPTER 96

##### INSURANCE OTHER THAN LIFE. CONDITIONS INVALIDATING POLICY

###### S. F. 273

AN ACT to amend section eighty-nine hundred eighty-one (8981) of chapter four hundred four (404), code, 1931, to exempt liens accruing to the benefit of the old age pension fund from the general provisions relating to lien conditions in insurance contracts, other than life, invalidating policies.

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

1 SECTION 1. Amend section eighty-nine hundred eighty-one (8981)  
 2 of chapter four hundred four (404), code, 1931, by striking line 9 and  
 3 inserting in lieu thereof the following: "control, except a lien accruing  
 4 to the benefit of the old age pension fund as provided for in sections  
 5 fifteen (15) and sixteen (16) of chapter nineteen (19), acts of the  
 6 Forty-fifth General Assembly in extraordinary session, or."

1 SEC. 2. This act being deemed of immediate importance shall be in  
 2 full force and effect from and after its publication in two newspapers  
 3 of general circulation in this state, as provided by law.

Senate File 273. Approved May 3, 1935.

I hereby certify that the foregoing act was published in the Des Moines Daily Record, May 13, 1935, and the Des Moines Plain Talk, May 16, 1935, in accordance with section 55, code, 1931.

MRS. ALEX MILLER, *Secretary of State.*