

A BILL

FOR AN ACT TO PROVIDE FOR THE SALE AND TRANSFER OF CORPORATE FRANCHISES AND PROPERTY IN THE FORECLOSURE OF MORTGAGE AND UNDER EXECUTION.

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

SECTION 1. That the foreclosure of any mortgage executed by a railway company in the exercise of power conferred by sections twelve hundred and eighty-three (1283), twelve hundred and eighty-four (1284) and twelve hundred and eighty five (1285), of the Code of 1873, by decree and sale, shall invest the purchaser or purchasers with the corporate franchises of the mortgagor company and with all of the other franchises and property, real and personal, and all rights, privileges, interests, benefits and immunities conveyed by the mortgage or deed of trust foreclosed, subject only to the obligation to perform the duties of the mortgagor company to the public, and to all liens upon the franchises and property acquired not foreclosed, when such sale is made.

SEC. 2. Corporations created by or under the laws of this state, or of this and any other state or states, or of this state and the United States or any territory, and any person or persons not incorporated may, at any such foreclosure sale, purchase such franchises and property, privileges, rights, immunities and interests, either in their own right or as the agents or trustees for the holders of bonds secured by the mortgage or deed of trust foreclosed.

SEC. 3. Any person or persons who may become such purchaser, or for whose benefit such purchase may have been made by agents or trustees, may organize as a corporation, in the manner hereinafter provided, and from the date of such organization shall be, to all intents and purposes, a corporation with all and singular the corporate powers, rights, franchises, privileges and immunities which were held at the date of the execution of the mortgage foreclosed, or which were thereafter acquired by the mortgagor company, so far as applicable to the property purchased; and in the management and operation of the railway purchased as well as in the use and enjoyment of the franchises, privileges and property thus acquired, and in the conduct of all business growing out of such purchase, shall be entitled to all and singular the same rights, powers, privileges, immunities and advantages theretofore granted or bestowed upon the corporation which made the mortgage foreclosed and which were applicable to the property and franchises purchased while they were held and controlled by the mortgagor corporation; and may have and use and exercise the same in their corporate capacity, under and through such organization, to the same extent and in like manner in all respects as the corporation making such mortgage might or could have done, had there been no foreclosure of such mortgage.

SEC. 4. The organization provided for by the preceding section shall be made within thirty days after
2 the delivery to the purchaser or purchasers of the conveyance made pursuant to the foreclosure sale, by a
3 meeting of the purchaser or purchasers, or of the persons for whose benefit such purchase was made, at
4 some place within the state in which some portion of the railway purchased is situated, and in which the
5 mortgagor company had its principal office. Notice of the time and place at which such meeting will be
6 held shall be given by the persons named in such conveyance as the purchasers at the foreclosure sale, by
7 publication in some daily newspaper published in the capitol city of the state in which such meeting is to
8 be held, for at least ten days prior to such meeting. At the time and place named in such notice the per-
9 sons so purchasing, or the persons for whose benefit the purchase is made, shall, by themselves or by their
10 duly constituted attorneys or proxies, adopt a corporate name for the new organization, and elect a board
11 of directors not exceeding nine in number. The board of directors thus elected may then organize by the
12 election of a president, secretary, treasurer, and such other officers as the mortgagor corporation may have
13 been authorized to elect. They shall also adopt a corporate seal. From the date of the election of such
14 officers and the adoption of such seal the organization shall be deemed complete; and the company thus
15 organized shall be deemed a body corporate, with the rights, powers, privileges, franchises, immunities
16 and advantages of the mortgagor corporation, as hereinbefore provided. Subsequent elections of directors
17 and other officers shall be had and the powers and duties of the corporation so organized shall be performed
18 in accordance with the provisions of law in that behalf enacted prior to such foreclosure, and with the
19 articles of association or consolidation by which such mortgagor company was created; and all such stat-
20 utes, articles of association and consolidation relative to said mortgagor corporation shall continue in force
21 as the organic law of the re-organized corporation until duly or legally altered, amended or abrogated.

SEC. 5. It shall be the duty of the organized corporation, within thirty days after such re-organization
2 shall have been completed, to make and certify under its corporate seal, attested by its president and sec-
3 retary, a statement showing the date of such organization, the corporate name by it adopted, the amount
4 of its capital stock issued and unissued, common and preferred, the name of the president, secretary, treas-
5 urer and other general officers, and the number and names of directors, and cause it and the conveyance
6 executed pursuant to the foreclosure sale to be recorded in the office of the secretary of state in each and
7 every state through or into which such railway extends; and such record, or a certified copy thereof, shall
8 be legal evidence of such organization and of the existence of such corporation.

SEC. 6. Mortgages or deeds of trust which are liens upon any portion of any railway in this state
2 which forms part of a line of railway, a portion of which is located in any other state or states or territory
3 may be foreclosed by a decree and sale made and had in apt proceedings in any court having competent
4 jurisdiction in the state in which such mortgagor company has its principal office; *provided*, that when
5 such mortgage or deed of trust shall be foreclosed by decree and a sale made and had in a state other than
6 this, it shall not be operative and effective to foreclose such mortgage or deed of trust as to property and
7 franchises in this state, until approved by a court of competent jurisdiction in this state in ancillary pro-
8 ceedings.

SEC. 7. When the franchises of any corporation in this state are sold under execution, as authorized
2 by section seven hundred (700), of the Code of 1851, reprinted as section ten hundred and eighty-six
3 (1086), of the Code of 1873, such sale shall have the effect of a sale in the foreclosure of a mortgage and
4 the purchasers may organize as provided in the preceding sections hereof.

SEC. 8. After a sale in foreclosure or under execution and reorganization as hereinbefore provided,
2 the powers of the mortgagor or execution defendant corporation, as the case may be, as to all property,
3 privileges, rights and franchises so sold, shall be vested in the re-organized corporation and as to such
4 property and franchises the mortgagor or execution defendant corporation shall have only such existence
5 as may be necessary to the prosecution of its objection not affected by the transfer of such property and
6 franchises and wind up its business as to all matters which are so affected.

SEC. 9. This act being deemed of immediate importance, shall take effect from and after its publication.