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APPROPRIATIONS: Riordan, Chair; Holt and Boswell

FILED FEB 12 1987

SENATE FILE 180
BY COMMITTEE ON SMALL BUSINESS
AND ECONOMIC DEVELOPMENT
(formerly SSB 86)
Approved 2/12/87 (p. 357)

Passed Senate, Date 3-27-87 (p. 940) Passed House, Date _____
Vote: Ayes 41 Nays 2 Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to economic crisis relief by providing for a
2 small business legal services program and a small business
3 mediation program, making appropriations, and providing an
4 effective date.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

SENATE FILE 180

S-3307

- 1 Amend Senate File 180 as follows:
- 2 1. Page 10, lines 16 and 17, by striking the
- 3 words and figures "July 1, 1986, and ending June 30,
- 4 1987" and inserting the following: "July 1, 1987, and
- 5 ending June 30, 1988".
- 6 2. Page 10, by striking lines 24 through 27 and
- 7 inserting in lieu thereof the following:
- 8 "Sec. 28. The amendments in this Act are".
- 9 3. Title page, lines 3 and 4, by striking the
- 10 words "making appropriations, and providing an
- 11 effective date" and inserting the following: "and
- 12 making appropriations".

S-3307

Filed March 27, 1987

ADOPTED (p 940)

BY LEONARD L. BOSWELL
JAMES R. RIORDAN

1 Section 1. FINDINGS. The general assembly finds that the
2 small business sector of this state is also under severe
3 financial stress due to the suffering agriculturally based
4 economy. Thousands of this state's small business persons are
5 unable to meet current payments of interest and principal on
6 mortgages and other loan and land contracts and are threatened
7 by the loss of their land, equipment, and businesses through
8 mortgage and lien foreclosures, forfeiture of real estate
9 contracts, and other collection actions. The very existence
10 of some rural communities is threatened by the loss of their
11 small businesses. Urban communities are also dependent upon
12 small business and have felt the effects of the financial
13 stress on small businesses. This economic emergency requires
14 an orderly process with state assistance to enable small
15 business persons and their creditors to confront their small
16 business indebtedness in a manner which preserves the general
17 welfare and fiscal integrity of the state. Legal assistance
18 to small business persons and mediation between small business
19 persons and their creditors will provide such a means of
20 resolving conflicts with minimal burden on creditors and with
21 the potential of allowing small businesses continued
22 existence.

23 Sec. 2. Section 13.20, Code 1987, is amended to read as
24 follows:

25 13.20 AUTHORITY TO CONTRACT FOR LEGAL ASSISTANCE PROGRAM
26 PROGRAMS.

27 1. The farm economic crisis program coordinator, provided
28 in section 654A.2, shall contract with an eligible nonprofit
29 organization to provide legal assistance to financially
30 distressed farmers. The contract shall be awarded within
31 thirty days after May 30, 1986. The contract may be
32 terminated by the coordinator upon written notice and for good
33 cause.

34 2. The coordinator shall also contract with an eligible
35 nonprofit organization to provide legal assistance to

1 financially distressed small business persons. The initial
2 contract shall be awarded within thirty days after the
3 effective date of this Act. The contract may be terminated by
4 the coordinator upon written notice and for good cause.

5 Sec. 3. Section 13.21, subsection 4, Code 1987, is amended
6 to read as follows:

7 4. Have in the case of a contract under section 13.20,
8 subsection 1, the organization shall have attorneys and staff
9 qualified to address agricultural legal problems and
10 agricultural credit problems affecting financially distressed
11 farmers. In the case of a contract under section 13.20,
12 subsection 2, the organization shall have attorneys and staff
13 qualified to address small business legal problems and small
14 business credit problems affecting financially distressed
15 small business persons.

16 Sec. 4. Section 13.22, unnumbered paragraph 1, Code 1987,
17 is amended to read as follows:

18 A legal services provider which enters into a contract with
19 the coordinator under authority of section 13.20, subsection
20 1, shall:

21 Sec. 5. Section 13.22, Code 1987, is amended by adding the
22 following new subsection, and renumbering and relettering the
23 existing paragraphs:

24 NEW SUBSECTION. 2. A legal services provider which enters
25 into a contract with the coordinators under the authority of
26 section 13.20, subsection 2, shall:

27 a. Offer direct representation of small business persons
28 in litigation and administrative cases.

29 b. Offer technical support to individual small business
30 persons.

31 c. Use, to the fullest extent feasible, existing resources
32 of accredited law schools within the state of Iowa to provide
33 consulting assistance to attorneys and those representing
34 small business persons.

35 d. Assist, to the fullest extent feasible, accredited law

1 schools within the state of Iowa in enhancing their expertise
2 in the area of the law relating to small businesses so that
3 all attorneys within the state will have a resource available
4 to provide training and experience in the law relating to
5 small businesses.

6 e. Cooperate to the fullest extent feasible with the
7 existing informational and referral businesses so that all
8 attorneys within the state will have a resource available to
9 provide training and experience in the law relating to small
10 networks among small business organizations and owners
11 concerned with the economic crisis in small business. The
12 legal services provider is not a state agency for the purposes
13 of chapters 19A, 20, and 25A.

14 Sec. 6. Section 13.23, unnumbered paragraph 1 and
15 subsections 2 and 3, Code 1987, are amended to read as
16 follows:

17 A person may obtain legal representation and legal
18 assistance from the appropriate contracting legal services
19 provider if the person meets all of the following criteria:

20 2. ~~Is~~ In the case of a contract under section 13.20,
21 subsection 1, the person must be a farmer, a partner in a
22 farm, or a family shareholder of a family farm corporation,
23 and has have an occupation of farming. In the case of a
24 contract under section 13.20, subsection 2, the person shall
25 be a small business person, a partner in a small business, or
26 a shareholder in a small business corporation, and have an
27 occupation in small business.

28 3. ~~Is~~ In the case of a contract under section 13.20,
29 subsection 1, the person shall be engaged in a farm business
30 that has a debt-to-asset ratio greater than fifty forty
31 percent. In the case of a contract under section 13.20,
32 subsection 2, the person shall be engaged in a small business
33 that has a debt-to-asset ratio greater than forty percent.

34 Sec. 7. Section 13.24, subsection 2, Code 1987, is amended
35 to read as follows:

1 2. At the end of each fiscal year ~~the~~ a contracting legal
2 services provider shall provide to the coordinator an audited
3 statement of actual expenses incurred. The report shall also
4 summarize the legal services provided and make recommendations
5 for improved services for financially distressed farmers or
6 financially distressed small business persons, as appropriate.

7 Sec. 8. Section 554.9501, subsection 6, Code 1987, is
8 amended to read as follows:

9 6. A creditor, as defined in section 654A.1, shall not
10 initiate a proceeding under this chapter against a borrower
11 subject to section 654A.4 to enforce a secured interest in
12 agricultural or small business property, as defined in section
13 654A.1, which is subject to chapter 654A and which is subject
14 to a secured debt of twenty thousand dollars or more unless
15 the person receives a mediation release under section 654A.11,
16 or unless the court determines after notice and hearing that
17 the time delay required for the mediation would cause the
18 person to suffer irreparable harm.

19 Sec. 9. Section 654.2C, Code 1987, is amended to read as
20 follows:

21 654.2C MEDIATION NOTICE --FORECLOSURE ON AGRICULTURAL AND
22 SMALL BUSINESS PROPERTY.

23 A person shall not initiate a proceeding under this chapter
24 to foreclose a deed of trust or mortgage on agricultural or
25 small business property, as defined in section 654A.1, which
26 is subject to chapter 654A and which is subject to a debt of
27 twenty thousand dollars or more under the deed of trust or
28 mortgage unless the person receives a mediation release under
29 section 654A.11, or unless the court determines after notice
30 and hearing that the time delay required for the mediation
31 would cause the person to suffer irreparable harm.

32 Sec. 10. Section 654A.1, subsections 2 and 3, Code 1987,
33 are amended to read as follows:

34 2. "Coordinator" means the farm economic crisis program
35 coordinator provided in section 654A.2.

1 3. "Creditor" means the holder of a mortgage on
2 agricultural or small business property, a vendor of a real
3 estate contract for agricultural or small business property, a
4 person with a lien or security interest in agricultural or
5 small business property, or a judgment creditor with a
6 judgment against a debtor with agricultural or small business
7 property.

8 Sec. 11. Section 654A.1, Code 1987, is amended by adding
9 the following new subsections:

10 NEW SUBSECTION. 6. "Small business" means the same as in
11 section 220.1.

12 NEW SUBSECTION. 7. "Small business property" means land
13 that is principally used for the operation of a small
14 business, and personal property that is used as security to
15 finance a small business operation or used as part of a small
16 business operation including equipment, and proceeds of the
17 security.

18 Sec. 12. Section 654A.3, Code 1987, is amended to read as
19 follows:

20 654A.3 FARM MEDIATION SERVICE SERVICES.

21 The farm economic crisis coordinator shall contract with a
22 nonprofit organization chartered in this state to provide
23 farmer-creditor mediation services. The contract shall be
24 awarded within thirty days after May 30, 1986. The contract
25 may be terminated by the coordinator upon written notice and
26 for good cause. The organization awarded the contract is
27 designated as the farm mediation service for the duration of
28 the contract. However, the farm mediation service is not a
29 state agency for the purposes of chapters 19A, 20, and 25A.

30 The coordinator shall also contract with a nonprofit
31 organization chartered in this state to provide small business
32 mediation services. The initial contract shall be awarded
33 within thirty days after the effective date of this Act. The
34 contract may be terminated by the coordinator upon written
35 notice and for good cause. The organization awarded the

1 contract is designated as the small business mediation service
2 for the duration of the contract. However, the small business
3 mediation service is not a state agency for purposes of
4 chapters 19A, 20, and 25A.

5 Sec. 13. Section 654A.4, subsection 2, Code 1987, is
6 amended to read as follows:

7 2. This chapter applies to a borrower who is any of the
8 following:

- 9 a. An individual operating a farm or a small business.
- 10 b. A family farm corporation as defined in section 172C.1.
- 11 c. An authorized farm corporation as defined in section
- 12 172C.1.
- 13 d. A partner in a farm or small business partnership.
- 14 e. A small business corporation.

15 Sec. 14. Section 654A.5, Code 1987, is amended to read as
16 follows:

17 654A.5 VOLUNTARY MEDIATION PROCEEDINGS.

18 A borrower who owns agricultural or small business property
19 or a creditor of that borrower may request mediation of the
20 indebtedness by applying to the farm appropriate mediation
21 service. The farm mediation service shall make voluntary
22 mediation application forms available. The farm mediation
23 service shall evaluate each request and may direct a mediator
24 to meet with the borrower and creditor to assist in mediation.

25 Sec. 15. Section 654A.6, Code 1987, is amended to read as
26 follows:

27 654A.6 MANDATORY MEDIATION PROCEEDINGS.

28 1. A creditor subject to this chapter desiring to initiate
29 a proceeding to enforce a debt against agricultural or small
30 business property which is real estate under chapter 654, to
31 forfeit a contract to purchase agricultural or small business
32 property under chapter 656, to enforce a secured interest in
33 agricultural or small business property under chapter 554, or
34 to otherwise garnish, levy on, execute on, seize, or attach
35 agricultural or small business property, shall file a request

1 for mediation with the farm mediation service or the small
2 business mediation service, as appropriate. The creditor may
3 not begin the proceeding subject to this chapter until the
4 creditor receives a mediation release, or until the court
5 determines after notice and hearing that the time delay
6 required for the mediation would cause the creditor to suffer
7 irreparable harm. The time period for the notice of right to
8 cure provided in section 654.2A shall run concurrently with
9 the time period for the mediation period provided in this
10 section and section 654A.10.

11 2. Upon the receipt of a request for mediation, the farm
12 mediation service shall make all reasonable efforts to conduct
13 an initial consultation with the borrower in person or by
14 telephone without charge. The borrower may waive mediation
15 before or after the initial consultation.

16 Sec. 16. Section 654A.7, subsection 2, Code 1987, is
17 amended to read as follows:

18 2. After receiving the mediation request, the farm
19 appropriate mediation service shall notify the borrower that
20 legal assistance may be available without charge through the
21 legal assistance for farmers program or the legal assistance
22 for small business program provided in chapter 13.

23 Sec. 17. Section 654A.8, Code 1987, is amended to read as
24 follows:

25 654A.8 INITIAL MEDIATION MEETING.

26 1. Unless the borrower waives mediation, within twenty-one
27 days after receiving a mediation request the farm appropriate
28 mediation service shall send a mediation meeting notice to the
29 borrower and to all known creditors of the borrower setting a
30 time and place for an initial mediation meeting between the
31 borrower, the creditors, and a mediator directed by the farm
32 mediation service to assist in mediation. An initial
33 mediation meeting shall be held within twenty-one days of the
34 issuance of the mediation meeting notice.

35 2. If a creditor subject to this chapter receives a

1 mediation meeting notice under subsection 1, the creditor and
2 the creditor's successors in interest may shall not continue
3 proceedings to enforce a debt against agricultural or small
4 business property of the borrower under chapter 654, to
5 forfeit a real estate contract for the purchase of
6 agricultural or small business property of the borrower under
7 chapter 656, to enforce a secured interest in agricultural or
8 small business property under chapter 554, or to otherwise
9 garnish, levy on, execute on, seize, or attach agricultural or
10 small business property. Time periods under and affecting
11 those procedures stop running until the farm mediation service
12 issues a mediation release to the creditor.

13 Sec. 18. Section 654A.10, Code 1987, is amended to read as
14 follows:

15 654A.10 MEDIATION PERIOD.

16 The mediator may call mediation meetings during the
17 mediation period, which is up to forty-two days after the farm
18 appropriate mediation service received the mediation request.
19 However, if all parties consent, mediation may continue after
20 the end of the mediation period.

21 Sec. 19. Section 654A.11, subsection 1, Code 1987, is
22 amended to read as follows:

23 1. If an agreement is reached between the borrower and the
24 creditors, the mediator shall draft a written mediation
25 agreement, have it signed by the creditors, and submit the
26 agreement to the farm mediation service.

27 Sec. 20. Section 654A.11, Code 1987, is amended by adding
28 the following new subsection:

29 NEW SUBSECTION. 4. A mediation release is valid for the
30 purpose of releasing the specified creditors from the
31 requirement of mediation with the specified borrower for a
32 period of two years from the date the agreement or statement
33 is signed.

34 Sec. 21. Section 654A.12, Code 1987, is amended to read as
35 follows:

1 654A.12 EXTENSION OF DEADLINES.

2 Upon petition by the borrower and all known creditors, the
3 farm mediation service may, for good cause, extend a deadline
4 imposed by section 654A.8 or section 654A.10 for up to thirty
5 days.

6 Sec. 22. Section 654A.13, Code 1987, is amended to read as
7 follows:

8 654A.13 CONFIDENTIALITY.

9 1. All data regarding the finances of individual borrowers
10 and creditors which is created, collected, and maintained by
11 the farm mediation service and the small business mediation
12 service are not public records under chapter 22.

13 2. Meetings of the farm mediation service and the small
14 business mediation service are closed meetings and are not
15 subject to chapter 21.

16 Sec. 23. Section 654A.14, Code 1987, is amended to read as
17 follows:

18 654A.14 RULES AND FORMS.

19 The farm mediation service and the small business mediation
20 service shall recommend rules to the coordinator. The
21 coordinator shall adopt rules pursuant to chapter 17A to set
22 the compensation of mediators and to implement this chapter.
23 The compensation of the mediators shall be no more than
24 twenty-five dollars per hour ~~and all~~. All participating
25 parties shall contribute an equal amount of the cost twenty-
26 five dollars per hour to the appropriate mediation service for
27 payment of mediators and administration of the program. The
28 coordinator shall adopt voluntary mediation application and
29 mediation request forms.

30 Sec. 24. Section 656.8, Code 1987, is amended to read as
31 follows:

32 656.8 MEDIATION NOTICE.

33 Notwithstanding ~~the provisions of~~ sections 656.1 through
34 656.5, a person shall not initiate proceedings under this
35 chapter to forfeit a real estate contract for the purchase of

1 agricultural property or small business property, as defined
2 in section 654A.1, which is subject to an outstanding
3 obligation on the contract of twenty thousand dollars or more
4 unless the person received a mediation release under section
5 654A.11, or unless the court determines after notice and
6 hearing that the time delay required for the mediation would
7 cause the person to suffer irreparable harm.

8 Sec. 25. A mediation release in force before the effective
9 date of this Act is valid for the purpose of releasing the
10 specified creditors from the requirement of mediation with the
11 specified borrower for a period of two years from the date the
12 agreement or statement was signed or one year from the
13 effective date of this Act, whichever period is longer.

14 Sec. 26. There is appropriated from the general fund of
15 the state to the department of justice the sum of fifty
16 thousand (50,000) dollars for the fiscal year beginning July
17 1, 1986, and ending June 30, 1987, for the administrative
18 costs of the small business mediation service administered by
19 the economic crisis program coordinator. The amounts
20 appropriated under this section are not subject to section
21 8.33.

22 Sec. 27. Sections 1 through 4 are repealed on July 1,
23 1989.

24 Sec. 28. This Act, being deemed of immediate importance,
25 takes effect ten days after the Act has been approved by the
26 governor or ten days after the Act has been passed over the
27 governor's objection. The amendments in this Act are
28 applicable to all actions to enforce security interests
29 against small business property commenced on or after the
30 sixtieth day after the effective date of this Act.

31 EXPLANATION

32 This bill relates to expanding the provisions of current
33 law establishing the legal services program and mediation
34 program for farmers to include similar programs for small
35 business persons, all under the direction of an economic
36 crisis program director.

1 Section 1. FINDINGS. The general assembly finds that the
2 small business sector of this state is also under severe
3 financial stress due to the suffering agriculturally based
4 economy. Thousands of this state's small business persons are
5 unable to meet current payments of interest and principal on
6 mortgages and other loan and land contracts and are threatened
7 by the loss of their land, equipment, and businesses through
8 mortgage and lien foreclosures, forfeiture of real estate
9 contracts, and other collection actions. The very existence
10 of some rural communities is threatened by the loss of their
11 small businesses. Urban communities are also dependent upon
12 small business and have felt the effects of the financial
13 stress on small businesses. This economic emergency requires
14 an orderly process with state assistance to enable small
15 business persons and their creditors to confront their small
16 business indebtedness in a manner which preserves the general
17 welfare and fiscal integrity of the state. Legal assistance
18 to small business persons and mediation between small business
19 persons and their creditors will provide such a means of
20 resolving conflicts with minimal burden on creditors and with
21 the potential of allowing small businesses continued
22 existence.

23 Sec. 2. Section 13.20, Code 1987, is amended to read as
24 follows:

25 13.20 AUTHORITY TO CONTRACT FOR LEGAL ASSISTANCE PROGRAM
26 PROGRAMS.

27 1. The farm economic crisis program coordinator, provided
28 in section 654A.2, shall contract with an eligible nonprofit
29 organization to provide legal assistance to financially
30 distressed farmers. The contract shall be awarded within
31 thirty days after May 30, 1986. The contract may be
32 terminated by the coordinator upon written notice and for good
33 cause.

34 2. The coordinator shall also contract with an eligible
35 nonprofit organization to provide legal assistance to

1 financially distressed small business persons. The initial
2 contract shall be awarded within thirty days after the
3 effective date of this Act. The contract may be terminated by
4 the coordinator upon written notice and for good cause.

5 Sec. 3. Section 13.21, subsection 4, Code 1987, is amended
6 to read as follows:

7 4. Have In the case of a contract under section 13.20,
8 subsection 1, the organization shall have attorneys and staff
9 qualified to address agricultural legal problems and
10 agricultural credit problems affecting financially distressed
11 farmers. In the case of a contract under section 13.20,
12 subsection 2, the organization shall have attorneys and staff
13 qualified to address small business legal problems and small
14 business credit problems affecting financially distressed
15 small business persons.

16 Sec. 4. Section 13.22, unnumbered paragraph 1, Code 1987,
17 is amended to read as follows:

18 A legal services provider which enters into a contract with
19 the coordinator under authority of section 13.20, subsection
20 1, shall:

21 Sec. 5. Section 13.22, Code 1987, is amended by adding the
22 following new subsection, and renumbering and relettering the
23 existing paragraphs:

24 NEW SUBSECTION. 2. A legal services provider which enters
25 into a contract with the coordinators under the authority of
26 section 13.20, subsection 2, shall:

27 a. Offer direct representation of small business persons
28 in litigation and administrative cases.

29 b. Offer technical support to individual small business
30 persons.

31 c. Use, to the fullest extent feasible, existing resources
32 of accredited law schools within the state of Iowa to provide
33 consulting assistance to attorneys and those representing
34 small business persons.

35 d. Assist, to the fullest extent feasible, accredited law

1 schools within the state of Iowa in enhancing their expertise
2 in the area of the law relating to small businesses so that
3 all attorneys within the state will have a resource available
4 to provide training and experience in the law relating to
5 small businesses.

6 e. Cooperate to the fullest extent feasible with the
7 existing informational and referral businesses so that all
8 attorneys within the state will have a resource available to
9 provide training and experience in the law relating to small
10 networks among small business organizations and owners
11 concerned with the economic crisis in small business. The
12 legal services provider is not a state agency for the purposes
13 of chapters 19A, 20, and 25A.

14 Sec. 6. Section 13.23, unnumbered paragraph 1 and
15 subsections 2 and 3, Code 1987, are amended to read as
16 follows:

17 A person may obtain legal representation and legal
18 assistance from the appropriate contracting legal services
19 provider if the person meets all of the following criteria:

20 2. ~~is~~ In the case of a contract under section 13.20,
21 subsection 1, the person must be a farmer, a partner in a
22 farm, or a family shareholder of a family farm corporation,
23 and has have an occupation of farming. In the case of a
24 contract under section 13.20, subsection 2, the person shall
25 be a small business person, a partner in a small business, or
26 a shareholder in a small business corporation, and have an
27 occupation in small business.

28 3. ~~is~~ In the case of a contract under section 13.20,
29 subsection 1, the person shall be engaged in a farm business
30 that has a debt-to-asset ratio greater than fifty forty
31 percent. In the case of a contract under section 13.20,
32 subsection 2, the person shall be engaged in a small business
33 that has a debt-to-asset ratio greater than forty percent.

34 Sec. 7. Section 13.24, subsection 2, Code 1987, is amended
35 to read as follows:

1 2. At the end of each fiscal year ~~the~~ a contracting legal
2 services provider shall provide to the coordinator an audited
3 statement of actual expenses incurred. The report shall also
4 summarize the legal services provided and make recommendations
5 for improved services for financially distressed farmers or
6 financially distressed small business persons, as appropriate.

7 Sec. 8. Section 554.9501, subsection 6, Code 1987, is
8 amended to read as follows:

9 6. A creditor, as defined in section 654A.1, shall not
10 initiate a proceeding under this chapter against a borrower
11 subject to section 654A.4 to enforce a secured interest in
12 agricultural or small business property, as defined in section
13 654A.1, which is subject to chapter 654A and which is subject
14 to a secured debt of twenty thousand dollars or more unless
15 the person receives a mediation release under section 654A.11,
16 or unless the court determines after notice and hearing that
17 the time delay required for the mediation would cause the
18 person to suffer irreparable harm. However, a manufacturer,
19 wholesaler, or distributor who grants to a small business by
20 contract the right to sell goods supplied by the manufacturer,
21 wholesaler, or distributor may initiate a replevin action, on
22 the termination of the contract.

23 Sec. 9. Section 654.2C, Code 1987, is amended to read as
24 follows:

25 654.2C MEDIATION NOTICE --FORECLOSURE ON AGRICULTURAL AND
26 SMALL BUSINESS PROPERTY.

27 A person shall not initiate a proceeding under this chapter
28 to foreclose a deed of trust or mortgage on agricultural or
29 small business property, as defined in section 654A.1, which
30 is subject to chapter 654A and which is subject to a debt of
31 twenty thousand dollars or more under the deed of trust or
32 mortgage unless the person receives a mediation release under
33 section 654A.11, or unless the court determines after notice
34 and hearing that the time delay required for the mediation
35 would cause the person to suffer irreparable harm.

1 Sec. 10. Section 654A.1, subsections 2 and 3, Code 1987,
2 are amended to read as follows:

3 2. "Coordinator" means the farm economic crisis program
4 coordinator provided in section 654A.2.

5 3. "Creditor" means the holder of a mortgage on
6 agricultural or small business property, a vendor of a real
7 estate contract for agricultural or small business property, a
8 person with a lien or security interest in agricultural or
9 small business property, or a judgment creditor with a
10 judgment against a debtor with agricultural or small business
11 property. However, a creditor is not a consignor. As used in
12 this subsection, a consignor is a person who delivers
13 possession but not title to goods to a small business which
14 acts as an agent or consignee of the consignor for the purpose
15 of selling the goods, if the proceeds from the sale are to be
16 held in trust by the small business for the benefit of the
17 consignor.

18 Sec. 11. Section 654A.1, Code 1987, is amended by adding
19 the following new subsections:

20 NEW SUBSECTION. 6. "Small business" means the same as in
21 section 220.1.

22 NEW SUBSECTION. 7. "Small business property" means land
23 that is principally used for the operation of a small
24 business, and personal property that is used as security to
25 finance a small business operation or used as part of a small
26 business operation including equipment, and proceeds of the
27 security.

28 Sec. 12. Section 654A.3, Code 1987, is amended to read as
29 follows:

30 654A.3 FARM MEDIATION SERVICES SERVICES.

31 The farm economic crisis coordinator shall contract with a
32 nonprofit organization chartered in this state to provide
33 farmer-creditor mediation services. The contract shall be
34 awarded within thirty days after May 30, 1986. The contract
35 may be terminated by the coordinator upon written notice and

1 for good cause. The organization awarded the contract is
2 designated as the farm mediation service for the duration of
3 the contract. However, the farm mediation service is not a
4 state agency for the purposes of chapters 19A, 20, and 25A.

5 The coordinator shall also contract with a nonprofit
6 organization chartered in this state to provide small business
7 mediation services. The initial contract shall be awarded
8 within thirty days after the effective date of this Act. The
9 contract may be terminated by the coordinator upon written
10 notice and for good cause. The organization awarded the
11 contract is designated as the small business mediation service
12 for the duration of the contract. However, the small business
13 mediation service is not a state agency for purposes of
14 chapters 19A, 20, and 25A.

15 Sec. 13. Section 654A.4, subsection 2, Code 1987, is
16 amended to read as follows:

17 2. This chapter applies to a borrower who is any of the
18 following:

- 19 a. An individual operating a farm or a small business.
- 20 b. A family farm corporation as defined in section 172C.1.
- 21 c. An authorized farm corporation as defined in section
22 172C.1.
- 23 d. A partner in a farm or small business partnership.
- 24 e. A small business corporation.

25 Sec. 14. Section 654A.5, Code 1987, is amended to read as
26 follows:

27 654A.5 VOLUNTARY MEDIATION PROCEEDINGS.

28 A borrower who owns agricultural or small business property
29 or a creditor of that borrower may request mediation of the
30 indebtedness by applying to the farm appropriate mediation
31 service. The farm mediation service shall make voluntary
32 mediation application forms available. The farm mediation
33 service shall evaluate each request and may direct a mediator
34 to meet with the borrower and creditor to assist in mediation.

35 Sec. 15. Section 654A.6, Code 1987, is amended to read as

1 follows:

2 654A.6 MANDATORY MEDIATION PROCEEDINGS.

3 1. A creditor subject to this chapter desiring to initiate
4 a proceeding to enforce a debt against agricultural or small
5 business property which is real estate under chapter 654, to
6 forfeit a contract to purchase agricultural or small business
7 property under chapter 656, to enforce a secured interest in
8 agricultural or small business property under chapter 554, or
9 to otherwise garnish, levy on, execute on, seize, or attach
10 agricultural or small business property, shall file a request
11 for mediation with the farm mediation service or the small
12 business mediation service, as appropriate. The creditor may
13 not begin the proceeding subject to this chapter until the
14 creditor receives a mediation release, or until the court
15 determines after notice and hearing that the time delay
16 required for the mediation would cause the creditor to suffer
17 irreparable harm. The time period for the notice of right to
18 cure provided in section 654.2A shall run concurrently with
19 the time period for the mediation period provided in this
20 section and section 654A.10.

21 2. Upon the receipt of a request for mediation, the farm
22 mediation service shall make all reasonable efforts to conduct
23 an initial consultation with the borrower in person or by
24 telephone without charge. The borrower may waive mediation
25 before or after the initial consultation.

26 Sec. 16. Section 654A.7, subsection 2, Code 1987, is
27 amended to read as follows:

28 2. After receiving the mediation request, the farm
29 appropriate mediation service shall notify the borrower that
30 legal assistance may be available without charge through the
31 legal assistance for farmers program or the legal assistance
32 for small business program provided in chapter 13.

33 Sec. 17. Section 654A.8, Code 1987, is amended to read as
34 follows:

35 654A.8 INITIAL MEDIATION MEETING.

1 1. Unless the borrower waives mediation, within twenty-one
2 days after receiving a mediation request the farm appropriate
3 mediation service shall send a mediation meeting notice to the
4 borrower and to all known creditors of the borrower setting a
5 time and place for an initial mediation meeting between the
6 borrower, the creditors, and a mediator directed by the farm
7 mediation service to assist in mediation. An initial
8 mediation meeting shall be held within twenty-one days of the
9 issuance of the mediation meeting notice.

10 2. If a creditor subject to this chapter receives a
11 mediation meeting notice under subsection 1, the creditor and
12 the creditor's successors in interest may shall not continue
13 proceedings to enforce a debt against agricultural or small
14 business property of the borrower under chapter 654, to
15 forfeit a real estate contract for the purchase of
16 agricultural or small business property of the borrower under
17 chapter 656, to enforce a secured interest in agricultural or
18 small business property under chapter 554, or to otherwise
19 garnish, levy on, execute on, seize, or attach agricultural or
20 small business property. Time periods under and affecting
21 those procedures stop running until the farm mediation service
22 issues a mediation release to the creditor.

23 Sec. 18. Section 654A.10, Code 1987, is amended to read as
24 follows:

25 654A.10 MEDIATION PERIOD.

26 The mediator may call mediation meetings during the
27 mediation period, which is up to forty-two days after the farm
28 appropriate mediation service received the mediation request.
29 However, if all parties consent, mediation may continue after
30 the end of the mediation period.

31 Sec. 19. Section 654A.11, subsection 1, Code 1987, is
32 amended to read as follows:

33 1. If an agreement is reached between the borrower and the
34 creditors, the mediator shall draft a written mediation
35 agreement, have it signed by the creditors, and submit the

1 agreement to the farm mediation service.

2 Sec. 20. Section 654A.11, Code 1987, is amended by adding
3 the following new subsection:

4 NEW SUBSECTION. 4. A mediation release is valid for the
5 purpose of releasing the specified creditors from the
6 requirement of mediation with the specified borrower for a
7 period of two years from the date the agreement or statement
8 is signed.

9 Sec. 21. Section 654A.12, Code 1987, is amended to read as
10 follows:

11 654A.12 EXTENSION OF DEADLINES.

12 Upon petition by the borrower and all known creditors, the
13 farm mediation service may, for good cause, extend a deadline
14 imposed by section 654A.8 or section 654A.10 for up to thirty
15 days.

16 Sec. 22. Section 654A.13, Code 1987, is amended to read as
17 follows:

18 654A.13 CONFIDENTIALITY.

19 1. All data regarding the finances of individual borrowers
20 and creditors which is created, collected, and maintained by
21 the farm mediation service and the small business mediation
22 service are not public records under chapter 22.

23 2. Meetings of the farm mediation service and the small
24 business mediation service are closed meetings and are not
25 subject to chapter 21.

26 Sec. 23. Section 654A.14, Code 1987, is amended to read as
27 follows:

28 654A.14 RULES AND FORMS.

29 The farm mediation service and the small business mediation
30 service shall recommend rules to the coordinator. The
31 coordinator shall adopt rules pursuant to chapter 17A to set
32 the compensation of mediators and to implement this chapter.
33 The compensation of the mediators shall be no more than
34 twenty-five dollars per hour, ~~and all~~. All participating
35 parties shall contribute ~~an equal amount of the cost~~ twenty-

1 five dollars per hour to the appropriate mediation service for
2 payment of mediators and administration of the program. The
3 coordinator shall adopt voluntary mediation application and
4 mediation request forms.

5 Sec. 24. Section 656.8, Code 1987, is amended to read as
6 follows:

7 656.8 MEDIATION NOTICE.

8 Notwithstanding ~~the provisions of~~ sections 656.1 through
9 656.5, a person shall not initiate proceedings under this
10 chapter to forfeit a real estate contract for the purchase of
11 agricultural property or small business property, as defined
12 in section 654A.1, which is subject to an outstanding
13 obligation on the contract of twenty thousand dollars or more
14 unless the person received a mediation release under section
15 654A.11, or unless the court determines after notice and
16 hearing that the time delay required for the mediation would
17 cause the person to suffer irreparable harm.

18 Sec. 25. A mediation release in force before the effective
19 date of this Act is valid for the purpose of releasing the
20 specified creditors from the requirement of mediation with the
21 specified borrower for a period of two years from the date the
22 agreement or statement was signed or one year from the
23 effective date of this Act, whichever period is longer.

24 Sec. 26. There is appropriated from the general fund of
25 the state to the department of justice the sum of one hundred
26 thousand (100,000) dollars for the fiscal year beginning July
27 1, 1987, and ending June 30, 1988, for the administrative
28 costs of the small business mediation service administered by
29 the economic crisis program coordinator. The amounts
30 appropriated under this section are not subject to section
31 8.33.

32 Sec. 27. Sections 1 through 24 are repealed on July 1,
33 1989.

34 Sec. 28. The amendments in this Act are applicable to all
35 actions to enforce security interests against small business

1 property commenced on or after the sixtieth day after the
2 effective date of this Act.

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SENATE FILE 180

S-3030

- 1 Amend Senate File 180 as follows:
- 2 1. Page 10, line 22, by striking the figure "4"
- 3 and inserting the figure "24".

S-3030

Filed February 12, 1987

BY LEONARD L. BOSWELL

Placed o/c 3/27 (p. 940)

SENATE FILE 180

S-3042

- 1 Amend Senate File 180 as follows:
- 2 1. Page 10, lines 15 and 16, by striking the
- 3 words and figures "fifty thousand (50,000)" and
- 4 inserting in lieu thereof the words and figures "one
- 5 hundred thousand (100,000)".

S-3042

Filed February 16, 1987

BY LEONARD BOSWELL

Placed o/c 3/27 (p. 940)

JAMES RIORDAN

SENATE FILE 180

S-3055

- 1 Amend Senate File 180 as follows:
- 2 1. Page 10, lines 15 and 16, by striking the
- 3 words and figures "fifty thousand (50,000)" and
- 4 inserting in lieu thereof the words and figures "one
- 5 hundred thousand (100,000)".
- 6 2. Page 10, line 22, by striking the figure "4"
- 7 and inserting the figure "24".

S-3055

Filed February 19, 1987

BY COMMITTEE ON APPROPRIATIONS

Adopted 3/27 (p. 940)

JOE J. WELSH, Chairperson

SENATE FILE 180

S-3110

- 1 Amend Senate File 180 as follows:
- 2 1. Page 10, line 17, by striking the words and
- 3 figures "1986, and ending June 30, 1987" and inserting
- 4 the following: "1987, and ending June 30, 1988".

S-3110

Filed March 5, 1987

BY LEONARD L. BOSWELL

Placed o/c 3/27 (p. 940)

SENATE FILE 180

S-3266

1 Amend Senate File 180 as follows:
2 1. Page 4, line 18 by inserting after the word
3 "harm." the following: "However, a manufacturer,
4 wholesaler, or distributor who grants to a small
5 business by contract the right to sell goods supplied
6 by the manufacturer, wholesaler, or distributor may
7 initiate a replevin action, on the termination of the
8 contract."

S-3266

Filed March 25, 1987

BY RICHARD VARN

W/B 3/27/87 (p. 939)

SENATE FILE 180

S-3283

1 Amend Senate File 180 as follows:
2 1. Page 5, line 7, by inserting after the word
3 "property." the following: "However, a creditor is
4 not a consignor. As used in this subsection, a
5 consignor is a person who delivers possession but not
6 title to goods to a small business which acts as an
7 agent or consignee of the consignor for the purpose of
8 selling the goods, if the proceeds from the sale are
9 to be held in trust by the small business for the
10 benefit of the consignor."

S-3283

Filed March 26, 1987

BY RICHARD VARN

Adopted 3/27 (p. 940)

SENATE FILE 180

S-3284

1 Amend Senate File 180 as follows:
2 1. Page 4, line 18 by inserting after the word
3 "harm." the following: "However, a manufacturer,
4 wholesaler, or distributor who grants to a small
5 business by contract the right to sell goods supplied
6 by the manufacturer, wholesaler, or distributor may
7 initiate a replevin action, on the termination of the
8 contract."

S-3284

Filed March 26, 1987

BY CALVIN O. HULTMAN

Adopted 3/27 (p. 940)

SSB #86
Small Business & Economic
Development
Now
SF130

SENATE FILE _____
BY (PROPOSED COMMITTEE ON SMALL
BUSINESS AND ECONOMIC
DEVELOPMENT BILL)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to economic crisis relief by providing for a
2 small business legal services program and a small business
3 mediation program, making appropriations, and providing an
4 effective date.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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SUB COMMITTEE ASSIGNMENTS
CHAIR: *Boswell*
COMMITTEE: *Small Business*
2/12/87

1 Section 1. FINDINGS. The general assembly finds that the
2 small business sector of this state is also under severe
3 financial stress due to the suffering agriculturally based
4 economy. Thousands of this state's small business persons are
5 unable to meet current payments of interest and principal on
6 mortgages and other loan and land contracts and are threatened
7 by the loss of their land, equipment, and businesses through
8 mortgage and lien foreclosures, forfeiture of real estate
9 contracts, and other collection actions. The very existence
10 of some rural communities is threatened by the loss of their
11 small businesses. Urban communities are also dependent upon
12 small business and have felt the effects of the financial
13 stress on small businesses. This economic emergency requires
14 an orderly process with state assistance to enable small
15 business persons and their creditors to confront their small
16 business indebtedness in a manner which preserves the general
17 welfare and fiscal integrity of the state. Legal assistance
18 to small business persons and mediation between small business
19 persons and their creditors will provide such a means of
20 resolving conflicts with minimal burden on creditors and with
21 the potential of allowing small businesses continued
22 existence.

23 Sec. 2. Section 13.20, Code 1987, is amended to read as
24 follows:

25 13.20 AUTHORITY TO CONTRACT FOR LEGAL ASSISTANCE PROGRAM
26 PROGRAMS.

27 1. The farm economic crisis program coordinator, provided
28 in section 654A.2, shall contract with an eligible nonprofit
29 organization to provide legal assistance to financially
30 distressed farmers. The contract shall be awarded within
31 thirty days after May 30, 1986. The contract may be
32 terminated by the coordinator upon written notice and for good
33 cause.

34 2. The coordinator shall also contract with an eligible
35 nonprofit organization to provide legal assistance to

1 financially distressed small business persons. The initial
2 contract shall be awarded within thirty days after the
3 effective date of this Act. The contract may be terminated by
4 the coordinator upon written notice and for good cause.

5 Sec. 3. Section 13.21, subsection 4, Code 1987, is amended
6 to read as follows:

7 4. Have In the case of a contract under section 13.20,
8 subsection 1, the organization shall have attorneys and staff
9 qualified to address agricultural legal problems and
10 agricultural credit problems affecting financially distressed
11 farmers. In the case of a contract under section 13.20,
12 subsection 2, the organization shall have attorneys and staff
13 qualified to address small business legal problems and small
14 business credit problems affecting financially distressed
15 small business persons.

16 Sec. 4. Section 13.22, unnumbered paragraph 1, Code 1987,
17 is amended to read as follows:

18 A legal services provider which enters into a contract with
19 the coordinator under authority of section 13.20, subsection
20 1, shall:

21 Sec. 5. Section 13.22, Code 1987, is amended by adding the
22 following new subsection, and renumbering and relettering the
23 existing paragraphs:

24 NEW SUBSECTION. 2. A legal services provider which enters
25 into a contract with the coordinators under the authority of
26 section 13.20, subsection 2, shall:

27 a. Offer direct representation of small business persons
28 in litigation and administrative cases.

29 b. Offer technical support to individual small business
30 persons.

31 c. Use, to the fullest extent feasible, existing resources
32 of accredited law schools within the state of Iowa to provide
33 consulting assistance to attorneys and those representing
34 small business persons.

35 d. Assist, to the fullest extent feasible, accredited law

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1 schools within the state of Iowa in enhancing their expertise
2 in the area of the law relating to small businesses so that
3 all attorneys within the state will have a resource available
4 to provide training and experience in the law relating to
5 small businesses.

6 e. Cooperate to the fullest extent feasible with the
7 existing informational and referral businesses so that all
8 attorneys within the state will have a resource available to
9 provide training and experience in the law relating to small
10 networks among small business organizations and owners
11 concerned with the economic crisis in small business. The
12 legal services provider is not a state agency for the purposes
13 of chapters 19A, 20, and 25A.

14 Sec. 6. Section 13.23, unnumbered paragraph 1 and
15 subsections 2 and 3, Code 1987, are amended to read as
16 follows:

17 A person may obtain legal representation and legal
18 assistance from the appropriate contracting legal services
19 provider if the person meets all of the following criteria:

20 2. Is In the case of a contract under section 13.20,
21 subsection 1, the person must be a farmer, a partner in a
22 farm, or a family shareholder of a family farm corporation,
23 and has have an occupation of farming. In the case of a
24 contract under section 13.20, subsection 2, the person shall
25 be a small business person, a partner in a small business, or
26 a shareholder in a small business corporation, and have an
27 occupation in small business.

28 3. Is In the case of a contract under section 13.20,
29 subsection 1, the person shall be engaged in a farm business
30 that has a debt-to-asset ratio greater than fifty forty
31 percent. In the case of a contract under section 13.20,
32 subsection 2, the person shall be engaged in a small business
33 that has a debt-to-asset ratio greater than forty percent.

34 Sec. 7. Section 13.24, subsection 2, Code 1987, is amended
35 to read as follows:

1 2. At the end of each fiscal year the a contracting legal
2 services provider shall provide to the coordinator an audited
3 statement of actual expenses incurred. The report shall also
4 summarize the legal services provided and make recommendations
5 for improved services for financially distressed farmers or
6 financially distressed small business persons, as appropriate.

7 Sec. 8. Section 554.9501, subsection 6, Code 1987, is
8 amended to read as follows:

9 6. A creditor, as defined in section 654A.1, shall not
10 initiate a proceeding under this chapter against a borrower
11 subject to section 654A.4 to enforce a secured interest in
12 agricultural or small business property, as defined in section
13 654A.1, which is subject to chapter 654A and which is subject
14 to a secured debt of twenty thousand dollars or more unless
15 the person receives a mediation release under section 654A.11,
16 or unless the court determines after notice and hearing that
17 the time delay required for the mediation would cause the
18 person to suffer irreparable harm.

19 Sec. 9. Section 654.2C, Code 1987, is amended to read as
20 follows:

21 654.2C MEDIATION NOTICE --FORECLOSURE ON AGRICULTURAL AND
22 SMALL BUSINESS PROPERTY.

23 A person shall not initiate a proceeding under this chapter
24 to foreclose a deed of trust or mortgage on agricultural or
25 small business property, as defined in section 654A.1, which
26 is subject to chapter 654A and which is subject to a debt of
27 twenty thousand dollars or more under the deed of trust or
28 mortgage unless the person receives a mediation release under
29 section 654A.11, or unless the court determines after notice
30 and hearing that the time delay required for the mediation
31 would cause the person to suffer irreparable harm.

32 Sec. 10. Section 654A.1, subsections 2 and 3, Code 1987,
33 are amended to read as follows:

34 2. "Coordinator" means the farm economic crisis program
35 coordinator provided in section 654A.2.

1 3. "Creditor" means the holder of a mortgage on
2 agricultural or small business property, a vendor of a real
3 estate contract for agricultural or small business property, a
4 person with a lien or security interest in agricultural or
5 small business property, or a judgment creditor with a
6 judgment against a debtor with agricultural or small business
7 property.

8 Sec. 11. Section 654A.1, Code 1987, is amended by adding
9 the following new subsections:

10 NEW SUBSECTION. 6. "Small business" means the same as in
11 section 220.1.

12 NEW SUBSECTION. 7. "Small business property" means land
13 that is principally used for the operation of a small
14 business, and personal property that is used as security to
15 finance a small business operation or used as part of a small
16 business operation including equipment, and proceeds of the
17 security.

18 Sec. 12. Section 654A.3, Code 1987, is amended to read as
19 follows:

20 654A.3 FARM MEDIATION SERVICE SERVICES.

21 The farm economic crisis coordinator shall contract with a
22 nonprofit organization chartered in this state to provide
23 farmer-creditor mediation services. The contract shall be
24 awarded within thirty days after May 30, 1986. The contract
25 may be terminated by the coordinator upon written notice and
26 for good cause. The organization awarded the contract is
27 designated as the farm mediation service for the duration of
28 the contract. However, the farm mediation service is not a
29 state agency for the purposes of chapters 19A, 20, and 25A.

30 The coordinator shall also contract with a nonprofit
31 organization chartered in this state to provide small business
32 mediation services. The initial contract shall be awarded
33 within thirty days after the effective date of this Act. The
34 contract may be terminated by the coordinator upon written
35 notice and for good cause. The organization awarded the

1 contract is designated as the small business mediation service
2 for the duration of the contract. However, the small business
3 mediation service is not a state agency for purposes of
4 chapters 19A, 20, and 25A.

5 Sec. 13. Section 654A.4, subsection 2, Code 1987, is
6 amended to read as follows:

7 2. This chapter applies to a borrower who is any of the
8 following:

- 9 a. An individual operating a farm or a small business.
- 10 b. A family farm corporation as defined in section 172C.1.
- 11 c. An authorized farm corporation as defined in section
12 172C.1.
- 13 d. A partner in a farm or small business partnership.
- 14 e. A small business corporation.

15 Sec. 14. Section 654A.5, Code 1987, is amended to read as
16 follows:

17 654A.5 VOLUNTARY MEDIATION PROCEEDINGS.

18 A borrower who owns agricultural or small business property
19 or a creditor of that borrower may request mediation of the
20 indebtedness by applying to the farm appropriate mediation
21 service. The farm mediation service shall make voluntary
22 mediation application forms available. The farm mediation
23 service shall evaluate each request and may direct a mediator
24 to meet with the borrower and creditor to assist in mediation.

25 Sec. 15. Section 654A.6, Code 1987, is amended to read as
26 follows:

27 654A.6 MANDATORY MEDIATION PROCEEDINGS.

28 1. A creditor subject to this chapter desiring to initiate
29 a proceeding to enforce a debt against agricultural or small
30 business property which is real estate under chapter 654, to
31 forfeit a contract to purchase agricultural or small business
32 property under chapter 656, to enforce a secured interest in
33 agricultural or small business property under chapter 554, or
34 to otherwise garnish, levy on, execute on, seize, or attach
35 agricultural or small business property, shall file a request

1 for mediation with the farm mediation service or the small
2 business mediation service, as appropriate. The creditor may
3 not begin the proceeding subject to this chapter until the
4 creditor receives a mediation release, or until the court
5 determines after notice and hearing that the time delay
6 required for the mediation would cause the creditor to suffer
7 irreparable harm. The time period for the notice of right to
8 cure provided in section 654.2A shall run concurrently with
9 the time period for the mediation period provided in this
10 section and section 654A.10.

11 2. Upon the receipt of a request for mediation, the farm
12 mediation service shall make all reasonable efforts to conduct
13 an initial consultation with the borrower in person or by
14 telephone without charge. The borrower may waive mediation
15 before or after the initial consultation.

16 Sec. 16. Section 654A.7, subsection 2, Code 1987, is
17 amended to read as follows:

18 2. After receiving the mediation request, the farm
19 appropriate mediation service shall notify the borrower that
20 legal assistance may be available without charge through the
21 legal assistance for farmers program or the legal assistance
22 for small business program provided in chapter 13.

23 Sec. 17. Section 654A.8, Code 1987, is amended to read as
24 follows:

25 654A.8 INITIAL MEDIATION MEETING.

26 1. Unless the borrower waives mediation, within twenty-one
27 days after receiving a mediation request the farm appropriate
28 mediation service shall send a mediation meeting notice to the
29 borrower and to all known creditors of the borrower setting a
30 time and place for an initial mediation meeting between the
31 borrower, the creditors, and a mediator directed by the farm
32 mediation service to assist in mediation. An initial
33 mediation meeting shall be held within twenty-one days of the
34 issuance of the mediation meeting notice.

35 2. If a creditor subject to this chapter receives a

1 mediation meeting notice under subsection 1, the creditor and
2 the creditor's successors in interest may shall not continue
3 proceedings to enforce a debt against agricultural or small
4 business property of the borrower under chapter 654, to
5 forfeit a real estate contract for the purchase of
6 agricultural or small business property of the borrower under
7 chapter 656, to enforce a secured interest in agricultural or
8 small business property under chapter 554, or to otherwise
9 garnish, levy on, execute on, seize, or attach agricultural or
10 small business property. Time periods under and affecting
11 those procedures stop running until the farm mediation service
12 issues a mediation release to the creditor.

13 Sec. 18. Section 654A.10, Code 1987, is amended to read as
14 follows:

15 654A.10 MEDIATION PERIOD.

16 The mediator may call mediation meetings during the
17 mediation period, which is up to forty-two days after the farm
18 appropriate mediation service received the mediation request.
19 However, if all parties consent, mediation may continue after
20 the end of the mediation period.

21 Sec. 19. Section 654A.11, subsection 1, Code 1987, is
22 amended to read as follows:

23 1. If an agreement is reached between the borrower and the
24 creditors, the mediator shall draft a written mediation
25 agreement, have it signed by the creditors, and submit the
26 agreement to the farm mediation service.

27 Sec. 20. Section 654A.11, Code 1987, is amended by adding
28 the following new subsection:

29 NEW SUBSECTION. 4. A mediation release is valid for the
30 purpose of releasing the specified creditors from the
31 requirement of mediation with the specified borrower for a
32 period of two years from the date the agreement or statement
33 is signed.

34 Sec. 21. Section 654A.12, Code 1987, is amended to read as
35 follows:

1 654A.12 EXTENSION OF DEADLINES.

2 Upon petition by the borrower and all known creditors, the
3 farm mediation service may, for good cause, extend a deadline
4 imposed by section 654A.8 or section 654A.10 for up to thirty
5 days.

6 Sec. 22. Section 654A.13, Code 1987, is amended to read as
7 follows:

8 654A.13 CONFIDENTIALITY.

9 1. All data regarding the finances of individual borrowers
10 and creditors which is created, collected, and maintained by
11 the farm mediation service and the small business mediation
12 service are not public records under chapter 22.

13 2. Meetings of the farm mediation service and the small
14 business mediation service are closed meetings and are not
15 subject to chapter 21.

16 Sec. 23. Section 654A.14, Code 1987, is amended to read as
17 follows:

18 654A.14 RULES AND FORMS.

19 The farm mediation service and the small business mediation
20 service shall recommend rules to the coordinator. The
21 coordinator shall adopt rules pursuant to chapter 17A to set
22 the compensation of mediators and to implement this chapter.
23 The compensation of the mediators shall be no more than
24 twenty-five dollars per hour ~~and all~~. All participating
25 parties shall contribute an equal amount of the cost twenty-
26 five dollars per hour to the appropriate mediation service for
27 payment of mediators and administration of the program. The
28 coordinator shall adopt voluntary mediation application and
29 mediation request forms.

30 Sec. 24. Section 656.8, Code 1987, is amended to read as
31 follows:

32 656.8 MEDIATION NOTICE.

33 Notwithstanding ~~the provisions of~~ sections 656.1 through
34 656.5, a person shall not initiate proceedings under this
35 chapter to forfeit a real estate contract for the purchase of

1 agricultural property or small business property, as defined
2 in section 654A.1, which is subject to an outstanding
3 obligation on the contract of twenty thousand dollars or more
4 unless the person received a mediation release under section
5 654A.11, or unless the court determines after notice and
6 hearing that the time delay required for the mediation would
7 cause the person to suffer irreparable harm.

8 Sec. 25. A mediation release in force before the effective
9 date of this Act is valid for the purpose of releasing the
10 specified creditors from the requirement of mediation with the
11 specified borrower for a period of two years from the date the
12 agreement or statement was signed or one year from the
13 effective date of this Act, whichever period is longer.

14 Sec. 26. There is appropriated from the general fund of
15 the state to the department of justice the sum of fifty
16 thousand (50,000) dollars for the fiscal year beginning July
17 1, 1986, and ending June 30, 1987, for the administrative
18 costs of the small business mediation service administered by
19 the economic crisis program coordinator. The amounts
20 appropriated under this section are not subject to section
21 8.33.

22 Sec. 27. Sections 1 through 4 are repealed on July 1,
23 1989.

24 Sec. 28. This Act, being deemed of immediate importance,
25 takes effect ten days after the Act has been approved by the
26 governor or ten days after the Act has been passed over the
27 governor's objection. The amendments in this Act are
28 applicable to all actions to enforce security interests
29 against small business property commenced on or after the
30 sixtieth day after the effective date of this Act.

31

EXPLANATION

32 This bill relates to expanding the provisions of current
33 law establishing the legal services program and mediation
34 program for farmers to include similar programs for small
35 business persons, all under the direction of an economic
36 crisis program director.