

Reprinted

JAN 19 1990

SMALL BUSINESS AND COMMERCE

HOUSE FILE 2131
BY BROWN AND JESSE

Passed House, Date 3/2/90 (p 841) Passed Senate, Date _____
Vote: Ayes 62 Nays 18 Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to housing cooperatives by authorizing the
2 creation of local housing authorities to encourage and
3 organize sweat equity housing cooperative associations with
4 state financial assistance as available, and providing
5 procedures and requirements.

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

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HF 2131

1 Section 1. NEW SECTION. 499A.101 DEFINITIONS.

2 As used in this subchapter, unless the context otherwise
3 requires:

4 1. "Authority" means a local housing authority created
5 pursuant to section 499A.102.

6 2. "Association" means a sweat equity housing cooperative
7 association created pursuant to this subchapter.

5130 8 3. "Partner" means a low-income sweat equity shareholder
9 of the association, and member of the sweat equity partners'
10 committee.

11 4. "Advisor" means a member of the association's advisory
12 committee.

13 5. "Low income" means the income of "very low-income
14 families" as defined in section 220.1, subsection 4.

5230 15 Sec. 2. NEW SECTION. 499A.102 LOCAL HOUSING AUTHORITY.

16 1. A local housing authority may be created to encourage
17 and assist the formation of housing cooperatives under chapter
18 499A. The following persons are authorized to form an
19 authority, separately, or in combination with other authorized
20 persons:

21 a. A city.

22 b. A county.

23 c. A nonprofit community organization.

24 d. A nonprofit religious organization.

25 2. The local housing authority shall be funded from the
26 following sources:

27 a. State grants, loans, or other appropriations
28 administered by the Iowa finance authority.

29 b. Funds solicited from third parties by the local housing
30 authority.

31 c. Local government appropriations to the local housing
32 authority.

33 d. Any other available sources, including but not limited
34 to bequests, devises, and federal moneys.

514035 3. The Iowa finance authority shall provide adequate
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1 moneys for initial organization and operation of local housing
2 authorities from the housing trust fund. Applications shall
3 receive priority based upon their date of receipt by the Iowa
4 finance authority. The Iowa finance authority is authorized
5 to expend up to five hundred thousand dollars from the housing
6 trust fund for the creation of local housing authorities
7 within the state.

8 Sec. 3. NEW SECTION. 499A.103 LOW-INCOME PARTICIPANTS.

9 The local housing authority shall recruit low-income
10 persons to participate as sweat equity partners in a housing
11 cooperative association organized by the local housing
12 authority.

13 Sec. 4. NEW SECTION. 499A.104 SWEAT EQUITY HOUSING
14 COOPERATIVE ASSOCIATION.

15 1. The local housing authority may form one or more sweat
16 equity housing cooperative associations under this chapter. A
17 sweat equity housing cooperative association shall operate as
18 a multiple housing cooperative association under subchapter I,
19 except as specifically provided otherwise under this
20 subchapter.

21 2. A sweat equity housing cooperative association shall
22 meet the following additional conditions:

23 a. A sweat equity partners' committee shall be
24 established, with each partner entitled to one vote on the
25 committee.

26 b. The sweat equity committee shall hold twenty-five
27 percent of the stock of the association upon incorporation of
28 the association.

29 c. An advisory committee shall be established, made up of
30 equity investors, skill contributors, and other community
31 representatives including, but not limited to:

32 (1) Tradesperson volunteers.

33 (2) Community college trade representatives and business
34 educators.

35 (3) Financial and legal advisors to association

1 management.

2 d. The advisory committee shall hold seventy-five percent
3 of the stock of the association upon incorporation of the
4 association.

5 3. The association shall be controlled by the board of
6 directors, with representation of partners and advisors on the
7 board proportional to each group's equity interest at the time
8 of the last election of directors to the board.

9 4. An association shall do all of the following:

10 a. Acquire existing housing or small business building
11 stock in need of rehabilitation.

523 12 b. Establish a rehabilitation plan, which shall include,
13 but not be limited to all of the following elements:

- 14 (1) Statement of purpose.
- 15 (2) Financial plan.
- 16 (3) Construction timetable.
- 17 (4) Materials schedule.
- 18 (5) Construction training program schedule for partners.
- 19 (6) Financial and managerial training program for
20 partners.

21 (7) Bylaws of the association.

22 (8) A contract between the partners and advisors including
23 the terms of transfer of stock from the advisory committee to
24 the partners' committee and the terms of distribution of stock
25 to individual members of the partners' committee based upon
26 sweat equity contributions.

27 Sec. 5. NEW SECTION. 499A.105 ASSOCIATION FINANCING.

544 28 1. ORGANIZATIONAL AND CONSTRUCTION PHASE. Upon
548 29 incorporation, and after adoption of a rehabilitation plan
30 pursuant to section 499A.104, the association may apply to the
31 Iowa finance authority or other sources for financial
32 assistance. The Iowa finance authority shall review the
33 rehabilitation plan, and subject to the availability of
34 moneys, may approve the following for the association:

35 a. A no interest loan to the association for the period of

the construction phase as described in the rehabilitation
2 plan's timetable.

3 b. A repayment schedule of the construction financing
4 beginning upon completion of construction, with interest on
5 repayment terms equal to the interest cost of money to the
6 state.

7 2. STOCK TRANSFER. Advisory committee stock shall be
8 transferred to the partners' committee for distribution to
9 partners in accordance with the terms of the rehabilitation
10 plan contract.

11 3. OPERATIONAL PHASE. Upon completion of the
12 rehabilitation plan and implementation of the contract, the
13 association shall be wholly owned by partners. The partners
14 shall rent space only to other association partners. New
15 partners may be admitted subject to completion of required
16 partner training programs and sweat equity contributions, as
17 required by the association's bylaws. Partners shall make
18 mortgage payments in proportion to their equity interest in
19 the property, with total payments sufficient to repay the
20 mortgage loan, maintain the property, and accumulate a capital
21 reserve fund for future repairs and improvements. The capital
22 reserve fund and enforcement of partner obligations is the
23 responsibility of the board of directors.

24 Sec. 6. The Code editor shall codify this Act as
25 subchapter II of chapter 499A.

26 EXPLANATION

27 This bill authorizes local housing authorities to organize
28 sweat equity housing cooperative associations under chapter
29 499A, the multiple housing Act. The sweat equity cooperative
30 associations would differ from a standard housing cooperative
31 in its initial organization. Qualified low-income partners
32 would own 25 percent of the association initially and 75
33 percent would be owned by an advisory board. The partners
would be the primary source of labor, and the advisors, the
primary source of skill. The advisors would train the

1 partners to rehabilitate and then manage the property under
2 rehabilitation. Upon completion, the low-income partners
3 would hold one hundred percent of the association's stock.
4 State assistance is to be provided through the Iowa finance
5 authority, with moneys as available through the housing trust
6 fund.

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HOUSE FILE 2131
FISCAL NOTE

A fiscal note for House File 2131 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 2131 authorizes local housing authorities to organize sweat equity housing cooperative associations. Under the provisions of the Bill, qualified low-income partners would own 25 percent of the association initially and 75 percent would be owned by an advisory board. The partners would be the primary source of labor, and the advisors, the primary source of skill. The advisors would train the partners to rehabilitate and then manage the property under rehabilitation. Upon completion, the low-income partners would hold one hundred percent of the association's stock. The Bill requires the Iowa Finance Authority to provide assistance with moneys available through the Housing Trust Fund.

ASSUMPTIONS:

1. Each local housing authority will cost a minimum of \$100,000.
2. The Iowa Finance Authority (IFA) will provide technical and administrative assistance. Presently, it cannot be determined how many local housing authority units will be organized.

FISCAL IMPACT:

Expenditure:	FY 1990	FY 1991	FY 1992
Cost For Each Local Housing Authority	\$ 0	\$100,000	\$100,000
Salaries & Support	0	50,000	\$ 50,000
Total	0	\$150,000	\$150,000

(LSBu7620h,IKWM)Finance Authority

FILED FEBRUARY 20, 1990

BY DENNIS PROUTY, FISCAL DIRECTOR

HOUSE FILE 2131

H-5341

1 Amend the amendment, H-5230, to House File 2131, as
2 follows:

3 1. Page 1, by striking lines 23 through 25, and
4 inserting the following: "in society."

By METCALF of Polk
BROWN of Lucas

H-5341 FILED FEBRUARY 26, 1990

Adopted 3/2 (p. 826)

HOUSE FILE 2131

H-5442

1 Amend House File 2131 as follows:

2 1. Page 1, line 35, by striking the word "shall"
3 and inserting the following: "may".

4 2. Page 1, line 35, by striking the word
5 "adequate".

6 3. Page 2, line 1, by striking the word "moneys"
7 and inserting the following: "assistance".

8 4. Page 2, line 1, by striking the words "and
9 operation".

10 5. Page 2, by striking lines 2 through 4, and
11 inserting the following: "authorities from the
12 housing trust fund. The Iowa finance authority is
13 authorized".

14 6. By striking page 3, line 34, through page 4,
15 line 6, and inserting the following: "moneys, may
16 approve for the association state grants, loans, or
17 other appropriations administered by the Iowa finance
18 authority and may approve a grant to the association
19 for purposes related to organization, construction, or
20 operations, required to further the purpose stated in
21 the rehabilitation plan."

By BRAND of Benton
BROWN of Lucas

H-5442 FILED FEBRUARY 28, 1990

w/25 3/2 (p. 826)

HOUSE FILE 2131

H-5140

1 Amend House File 2131 as follows:

- 2 1. Page 2, by striking lines 4 through 7, and
3 inserting the following: "finance authority."

By COMMITTEE ON SMALL BUSINESS AND
COMMERCE

DODERER of Johnson, Chairperson

H-5140 FILED FEBRUARY 14, 1990

*Adopted 3/2 (p. 825)
Reconsidered 4/10 (p. 841)*

HOUSE FILE 2131

H-5230

1 Amend House File 2131 as follows:

- 2 1. Page 1, line 8, by striking the word
3 "shareholder" and inserting the following: "member".

4 2. Page 1, by inserting after line 14 the fol-
5 lowing:

6 " ____ . "Sweat equity" means any contribution made
7 by a partner to the operations of the association,
8 including but not limited to physical labor."

9 3. Page 3, line 18, by inserting after the word
10 "partners." the following: "The program shall
11 involve, to the greatest extent possible, persons
12 participating as dislocated workers under the federal
13 Job Training Partnership Act as provided in section
14 7B.1. If a contract is executed with a person to
15 perform skilled labor or to supervise skilled work,
16 the person must be certified by an organization
17 recognized as representing a membership of persons
18 with common skills."

19 4. Page 3, by striking lines 24 through 26 and
20 inserting the following: "the partners' committee.

x 21 c. Establish a program to ensure that partners are
22 equipped with skills necessary for full participation
23 in society, including but not limited to literacy,
24 training, household skills, employment interviewing
25 techniques, nutrition, and personal hygiene.

26 d. Encourage participation by partners in the
27 activities of the community."

28 5. Page 4, by inserting after line 23 the follow-
29 ing:

30 "Sec. ____ . NEW SECTION. 499A.106 REIMBURSEMENT
31 OF SWEAT EQUITY CONTRIBUTION.

32 The association shall establish criteria for the
33 reimbursement of a partner terminating membership in
34 the association, in accordance with the partner's
35 sweat equity contribution."

36 6. By renumbering as necessary.

By BROWN of Lucas
JESSE of Jasper

H-5230 FILED FEBRUARY 20, 1990

Adopted as amended by 5341 3/2 (p. 826)

HOUSE FILE 2131

H-5484

- 1 Amend House File 2131 as follows:
2 1. Page 1, line 35, by striking the word "shall"
3 and inserting the following: "may".
4 2. Page 1, line 35, by striking the word
5 "adequate".
6 3. Page 2, line 1, by striking the word "moneys"
7 and inserting the following: "assistance".
8 4. Page 2, line 1, by striking the words "and
9 operation".
x10 5. Page 2, by striking lines 2 through 4, and
11 inserting the following: "authorities from the
12 housing trust fund. The Iowa finance authority is
13 authorized".
14 6. By striking page 3, line 34, through page 4,
15 line 6, and inserting the following: "moneys, may
16 approve for the association state grants, loans, or
17 other appropriations administered by the Iowa finance
18 authority."

By BRAND of Benton
BROWN of Lucas

H-5484 FILED MARCH 1, 1990

Adopted 3/2 (p. 827)
Reconsidered, amended by 5524 & Adopted (p. 841)

HOUSE FILE 2131

H-5524

- 1 Amend amendment H-5484, to House File 2131 as
2 follows:
3 1. Page 1, by striking lines 10 through 13, and
4 inserting the following:
5 "5. Page 2, by striking lines 2 through 7, and
6 inserting the following: "authorities.""

By BROWN of Lucas
BRAND of Benton

H-5524 FILED MARCH 2, 1990

ADOPTED (p. 841)

Sen Commerce 2/5 Do Pass 3/12 (p. 983)

HOUSE FILE 2131
BY BROWN AND JESSE

(As Amended and Passed by the House March 2, 1990)

Passed House, Date 3/2/90 (p. 84) Passed Senate, Date 3/16/90 (p. 1130)
Vote: Ayes 62 Nays 18 Vote: Ayes 41 Nays 4
Approved March 30, 1990

A BILL FOR

1 An Act relating to housing cooperatives by authorizing the
2 creation of local housing authorities to encourage and
3 organize sweat equity housing cooperative associations with
4 state financial assistance as available, and providing
5 procedures and requirements.

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

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House Amendments _____
Deleted Language

1 Section 1. NEW SECTION. 499A.101 DEFINITIONS.

2 As used in this subchapter, unless the context otherwise
3 requires:

4 1. "Authority" means a local housing authority created
5 pursuant to section 499A.102.

6 2. "Association" means a sweat equity housing cooperative
7 association created pursuant to this subchapter.

8 3. "Partner" means a low-income sweat equity member of the
9 association, and member of the sweat equity partners'
10 committee.

11 4. "Advisor" means a member of the association's advisory
12 committee.

13 5. "Low income" means the income of "very low-income
14 families" as defined in section 220.1, subsection 4.

15 6. "Sweat equity" means any contribution made by a partner
16 to the operations of the association, including but not
17 limited to physical labor.

18 Sec. 2. NEW SECTION. 499A.102 LOCAL HOUSING AUTHORITY.

19 1. A local housing authority may be created to encourage
20 and assist the formation of housing cooperatives under chapter
21 499A. The following persons are authorized to form an
22 authority, separately, or in combination with other authorized
23 persons:

24 a. A city.

25 b. A county.

26 c. A nonprofit community organization.

27 d. A nonprofit religious organization.

28 2. The local housing authority shall be funded from the
29 following sources:

30 a. State grants, loans, or other appropriations
31 administered by the Iowa finance authority.

32 b. Funds solicited from third parties by the local housing
33 authority.

34 c. Local government appropriations to the local housing
35 authority.

1 d. Any other available sources, including but not limited
2 to bequests, devises, and federal moneys.

* 3 3. The Iowa finance authority may provide assistance for
* 4 initial organization of local housing authorities.

5 Sec. 3. NEW SECTION. 499A.103 LOW-INCOME PARTICIPANTS.

6 The local housing authority shall recruit low-income
7 persons to participate as sweat equity partners in a housing
8 cooperative association organized by the local housing
9 authority.

10 Sec. 4. NEW SECTION. 499A.104 SWEAT EQUITY HOUSING
11 COOPERATIVE ASSOCIATION.

12 1. The local housing authority may form one or more sweat
13 equity housing cooperative associations under this chapter. A
14 sweat equity housing cooperative association shall operate as
15 a multiple housing cooperative association under subchapter I,
16 except as specifically provided otherwise under this
17 subchapter.

18 2. A sweat equity housing cooperative association shall
19 meet the following additional conditions:

20 a. A sweat equity partners' committee shall be
21 established, with each partner entitled to one vote on the
22 committee.

23 b. The sweat equity committee shall hold twenty-five
24 percent of the stock of the association upon incorporation of
25 the association.

26 c. An advisory committee shall be established, made up of
27 equity investors, skill contributors, and other community
28 representatives including, but not limited to:

29 (1) Tradesperson volunteers.

30 (2) Community college trade representatives and business
31 educators.

32 (3) Financial and legal advisors to association
33 management.

34 d. The advisory committee shall hold seventy-five percent
35 of the stock of the association upon incorporation of the

1 association.

2 3. The association shall be controlled by the board of
3 directors, with representation of partners and advisors on the
4 board proportional to each group's equity interest at the time
5 of the last election of directors to the board.

6 4. An association shall do all of the following:

7 a. Acquire existing housing or small business building
8 stock in need of rehabilitation.

9 b. Establish a rehabilitation plan, which shall include,
10 but not be limited to all of the following elements:

11 (1) Statement of purpose.

12 (2) Financial plan.

13 (3) Construction timetable.

14 (4) Materials schedule.

15 (5) Construction training program schedule for partners.

16 The program shall involve, to the greatest extent possible,
17 persons participating as dislocated workers under the federal
18 Job Training Partnership Act as provided in section 7B.1. If
19 a contract is executed with a person to perform skilled labor
20 or to supervise skilled work, the person must be certified by
21 an organization recognized as representing a membership of
22 persons with common skills.

23 (6) Financial and managerial training program for
24 partners.

25 (7) Bylaws of the association.

26 (8) A contract between the partners and advisors including
27 the terms of transfer of stock from the advisory committee to
28 the partners' committee.

29 c. Establish a program to ensure that partners are
30 equipped with skills necessary for full participation in
31 society.

32 d. Encourage participation by partners in the activities
33 of the community.

34 Sec. 5. NEW SECTION. 499A.105 ASSOCIATION FINANCING.

35 1. ORGANIZATIONAL AND CONSTRUCTION PHASE. Upon

1 incorporation, and after adoption of a rehabilitation plan
2 pursuant to section 499A.104, the association may apply to the
3 Iowa finance authority or other sources for financial
4 assistance. The Iowa finance authority shall review the
5 rehabilitation plan, and subject to the availability of
6 moneys, may approve for the association state grants, loans,
7 or other appropriations administered by the Iowa finance
8 authority.

9 2. STOCK TRANSFER. Advisory committee stock shall be
10 transferred to the partners' committee for distribution to
11 partners in accordance with the terms of the rehabilitation
12 plan contract.

13 3. OPERATIONAL PHASE. Upon completion of the
14 rehabilitation plan and implementation of the contract, the
15 association shall be wholly owned by partners. The partners
16 shall rent space only to other association partners. New
17 partners may be admitted subject to completion of required
18 partner training programs and sweat equity contributions, as
19 required by the association's bylaws. Partners shall make
20 mortgage payments in proportion to their equity interest in
21 the property, with total payments sufficient to repay the
22 mortgage loan, maintain the property, and accumulate a capital
23 reserve fund for future repairs and improvements. The capital
24 reserve fund and enforcement of partner obligations is the
25 responsibility of the board of directors.

26 Sec. 6. NEW SECTION. 499A.106 REIMBURSEMENT OF SWEAT
27 EQUITY CONTRIBUTION.

28 The association shall establish criteria for the
29 reimbursement of a partner terminating membership in the
30 association, in accordance with the partner's sweat equity
31 contribution.

32 Sec. 7. The Code editor shall codify this Act as
33 subchapter II of chapter 499A.

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HOUSE FILE 2131

AN ACT

RELATING TO HOUSING COOPERATIVES BY AUTHORIZING THE CREATION OF LOCAL HOUSING AUTHORITIES TO ENCOURAGE AND ORGANIZE SWEAT EQUITY HOUSING COOPERATIVE ASSOCIATIONS WITH STATE FINANCIAL ASSISTANCE AS AVAILABLE, AND PROVIDING PROCEDURES AND REQUIREMENTS.

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

Section 1. NEW SECTION. 499A.101 DEFINITIONS.

As used in this subchapter, unless the context otherwise requires:

1. "Authority" means a local housing authority created pursuant to section 499A.102.
2. "Association" means a sweat equity housing cooperative association created pursuant to this subchapter.
3. "Partner" means a low-income sweat equity member of the association, and member of the sweat equity partners' committee.
4. "Advisor" means a member of the association's advisory committee.
5. "Low income" means the income of "very low-income families" as defined in section 220.1, subsection 4.
6. "Sweat equity" means any contribution made by a partner to the operations of the association, including but not limited to physical labor.

Sec. 2. NEW SECTION. 499A.102 LOCAL HOUSING AUTHORITY.

1. A local housing authority may be created to encourage and assist the formation of housing cooperatives under chapter 499A. The following persons are authorized to form an authority, separately, or in combination with other authorized persons:
 - a. A city.

- b. A county.
 - c. A nonprofit community organization.
 - d. A nonprofit religious organization.
 2. The local housing authority shall be funded from the following sources:
 - a. State grants, loans, or other appropriations administered by the Iowa finance authority.
 - b. Funds solicited from third parties by the local housing authority.
 - c. Local government appropriations to the local housing authority.
 - d. Any other available sources, including but not limited to bequests, devises, and federal moneys.
 3. The Iowa finance authority may provide assistance for initial organization of local housing authorities.
- Sec. 3. NEW SECTION. 499A.103 LOW-INCOME PARTICIPANTS.
- The local housing authority shall recruit low-income persons to participate as sweat equity partners in a housing cooperative association organized by the local housing authority.
- Sec. 4. NEW SECTION. 499A.104 SWEAT EQUITY HOUSING COOPERATIVE ASSOCIATION.
1. The local housing authority may form one or more sweat equity housing cooperative associations under this chapter. A sweat equity housing cooperative association shall operate as a multiple housing cooperative association under subchapter I, except as specifically provided otherwise under this subchapter.
 2. A sweat equity housing cooperative association shall meet the following additional conditions:
 - a. A sweat equity partners' committee shall be established, with each partner entitled to one vote on the committee.
 - b. The sweat equity committee shall hold twenty-five percent of the stock of the association upon incorporation of the association.

c. An advisory committee shall be established, made up of equity investors, skill contributors, and other community representatives including, but not limited to:

- (1) Tradesperson volunteers.
- (2) Community college trade representatives and business educators.
- (3) Financial and legal advisors to association management.

d. The advisory committee shall hold seventy-five percent of the stock of the association upon incorporation of the association.

3. The association shall be controlled by the board of directors, with representation of partners and advisors on the board proportional to each group's equity interest at the time of the last election of directors to the board.

4. An association shall do all of the following:

- a. Acquire existing housing or small business building stock in need of rehabilitation.
- b. Establish a rehabilitation plan, which shall include, but not be limited to all of the following elements:
 - (1) Statement of purpose.
 - (2) Financial plan.
 - (3) Construction timetable.
 - (4) Materials schedule.
- (5) Construction training program schedule for partners. The program shall involve, to the greatest extent possible, persons participating as dislocated workers under the federal Job Training Partnership Act as provided in section 7B.1. If a contract is executed with a person to perform skilled labor or to supervise skilled work, the person must be certified by an organization recognized as representing a membership of persons with common skills.
- (6) Financial and managerial training program for partners.
- (7) Bylaws of the association.

(8) A contract between the partners and advisors including the terms of transfer of stock from the advisory committee to the partners' committee.

c. Establish a program to ensure that partners are equipped with skills necessary for full participation in society.

d. Encourage participation by partners in the activities of the community.

Sec. 5. NEW SECTION. 499A.105 ASSOCIATION FINANCING.

1. ORGANIZATIONAL AND CONSTRUCTION PHASE. Upon incorporation, and after adoption of a rehabilitation plan pursuant to section 499A.104, the association may apply to the Iowa finance authority or other sources for financial assistance. The Iowa finance authority shall review the rehabilitation plan, and subject to the availability of moneys, may approve for the association state grants, loans, or other appropriations administered by the Iowa finance authority.

2. STOCK TRANSFER. Advisory committee stock shall be transferred to the partners' committee for distribution to partners in accordance with the terms of the rehabilitation plan contract.

3. OPERATIONAL PHASE. Upon completion of the rehabilitation plan and implementation of the contract, the association shall be wholly owned by partners. The partners shall rent space only to other association partners. New partners may be admitted subject to completion of required partner training programs and sweat equity contributions, as required by the association's bylaws. Partners shall make mortgage payments in proportion to their equity interest in the property, with total payments sufficient to repay the mortgage loan, maintain the property, and accumulate a capital reserve fund for future repairs and improvements. The capital reserve fund and enforcement of partner obligations is the responsibility of the board of directors.

Sec. 6. NEW SECTION. 499A.106 REIMBURSEMENT OF SWEAT EQUITY CONTRIBUTION.

The association shall establish criteria for the reimbursement of a partner terminating membership in the association, in accordance with the partner's sweat equity contribution.

Sec. 7. The Code editor shall codify this Act as subchapter II of chapter 499A.

DONALD D. AVENSON
Speaker of the House

JO ANN ZIMMERMAN
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2131, Seventy-third General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved March 30, 1990

TERRY E. BRANSTAD
Governor