Reprinted

SENATE FILE 477
BY COMMITTEE ON LOCAL GOVERNMENT

(SUCCESSOR TO SSB 295)

Passed Senate, Date 3/27/91 (p. 918) Passed House, Date 4/8/91 (P. 1138)
Vote: Ayes 49 Nays 0 Vote: Ayes 92 Nays 0
Approved April 16, 1991

A BILL FOR

1 An Act relating to co-operative ownership of residential,
2 business property, and providing an applicability date.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
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SF 477

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S.F. 477 H.F. _____

1 Section 1. Section 499A.1, Code 1991, is amended to read
2 as follows:
3 499A.1 ARTICLES.
4 Any two or more persons of full age, a majority of whom
5 ~~shall be~~ are citizens of the state, may organize themselves
6 for the following or similar purposes: Ownership of
7 residential, business property on a co-operative basis. A
8 corporation is a person within the meaning of this chapter.
9 The organizers shall adopt, and sign and acknowledge the
10 articles of co-operation, stating the name by which the co-
11 operation shall be known, the location of its principal place
12 of business, its business or objects, the number of ~~trustees,~~
13 ~~directors, managers or other officers~~ to conduct the ~~same~~ co-
14 operation's business or objects, the names ~~thereof~~ of the
15 directors for the first year, the time of ~~its~~ the co-
16 operation's annual meeting, ~~and~~ the time of the annual meeting
17 of its ~~trustees, or~~ directors, and the manner in which the
18 articles may be amended. ~~Said~~ The articles of co-operation
19 shall be filed with the secretary of state who shall, if the
20 secretary approves the ~~same~~ articles, indorse the secretary of
21 state's approval ~~thereon~~ on the articles, record the ~~same~~
22 articles, and ~~thereafter~~ forward the ~~same~~ articles to the
23 county recorder of the county where the principal place of
24 business is to be located, and there ~~it~~ the articles shall be
25 recorded, and upon recording be returned to the co-operation.
26 The ~~said~~ articles shall not be filed by the secretary of state
27 until a filing fee of five dollars together with a recording
28 fee of fifty cents per page is paid, and upon the payment of
29 ~~said~~ the fees and the approval of the articles by the
30 secretary of state, the secretary shall issue to ~~said~~ the co-
31 operation a certificate of co-operation as a co-operation not
32 for pecuniary profit.
33 Amendments to the articles ~~may~~ shall be filed and receive
34 approval as provided ~~herein~~ in this chapter for articles, and
35 the fee ~~therefor~~ for amendments shall be five dollars in each

1 instance,-and-no. An amendment shall-be is not effective
2 until the same amendment is approved and the fee therefor is
3 paid.
4 Sec. 2. Section 499A.3, Code 1991, is amended to read as
5 follows:
6 499A.3 MEMBERS.
7 A co-operation may shall only have one or-more-classes
8 class of members. The designation of such that class or
9 classes and the qualifications-and rights of the members of
10 each the class shall be set forth in the articles of co-
11 operation or the bylaws. The co-operation must issue
12 membership certificates or-deeds evidencing membership-or the
13 ownership of-a-particular interest therein of each member of
14 the co-operation.
15 Sec. 3. Section 499A.4, Code 1991, is amended to read as
16 follows:
17 499A.4 DIVIDENDS.
18 No A dividend or distribution of property among the
19 stockholders members shall not be made until dissolution of
20 the co-operation.
21 Sec. 4. Section 499A.7, Code 1991, is amended to read as
22 follows:
23 499A.7 REORGANIZING PRIOR TO EXPIRATION OF TERM.
24 The trustees, directors, or members of any co-operation
25 organized under this chapter may reorganize the same co-
26 operation, and all the property and rights thereof of the co-
27 operation shall vest in the co-operation as reorganized.
28 Sec. 5. Section 499A.11, Code 1991, is amended to read as
29 follows:
30 499A.11 CERTIFICATE OF OWNERSHIP.
31 The co-operative-association-shall-have co-operation has
32 the right to purchase real estate for the purpose of erecting,
33 owning, and operating apartment houses or apartment buildings
34 and-the-members-shall-be-the-owners-thereof. The interest of
35 each individual member in the co-operation shall be evidenced

1 by the issuance of a certificate of ~~ownership or deed to a~~
2 ~~particular apartment or room therein.~~ ~~Such~~ membership. The
3 certificate of membership is coupled with a possessory
4 interest in the real and personal property of the co-
5 operation, entitling each member to a proprietary lease with
6 the co-operation under which each member has an exclusive
7 possessory interest in an apartment unit and a possessory
8 interest in common with all other members in that portion of
9 the co-operation's real and personal property not constituting
10 apartment units, and which creates a legal relationship of
11 landlord and tenant between the co-operation and member. The
12 certificate of ~~ownership or deed~~ membership shall be executed
13 by the president of the co-operation and attested by its
14 secretary in the name and in the behalf of the co-operation.
15 Sec. 6. Section 499A.14, Code 1991, is amended to read as
16 follows:
17 499A.14 TAXATION.
18 The real estate shall be taxed in the name of the co-
19 operation, and each ~~person owning an apartment or room~~ member
20 of the co-operation shall pay that ~~person's~~ member's
21 proportionate share of ~~such~~ the tax in accordance with the
22 proration formula set forth in the bylaws, and each ~~person~~
23 ~~owning~~ member occupying an apartment as a residence ~~and under~~
24 ~~the qualifications of the laws of the state of Iowa as such~~
25 shall receive that ~~person's~~ member's proportionate homestead
26 tax credit and each veteran of the military services of the
27 United States identified as such under the laws of the state
28 of Iowa or the United States shall receive as a credit that
29 ~~person's~~ member's veterans tax benefit as prescribed by the
30 laws of the state of Iowa.
31 Sec. 7. NEW SECTION. 499A.17A BYLAWS.
32 The initial bylaws of the co-operation shall be adopted by
33 the co-operation's board of directors. Prior to the admission
34 of members to the co-operation, the power to alter, amend, or
35 repeal the bylaws or adopt new bylaws is vested in the board

1 of directors. Following the admission of members to the co-
2 operation, the power to alter, amend, or repeal the bylaws or
3 adopt new bylaws is vested in the members in accordance with
4 the method set forth in the bylaws.
5 The bylaws may contain any provisions for the regulation
6 and management of the affairs of the co-operation not
7 inconsistent with law or the articles of co-operation.
8 However, the bylaws must provide for:
9 1. The number of members of the board of directors and the
10 term of the members.
11 2. The election of a president, vice president, treasurer,
12 and secretary by the board of directors.
13 3. The qualifications, powers and duties, terms of office,
14 and manner of electing and removing board members and officers
15 and filling vacancies of such members.
16 4. The method of amending the bylaws.
17 Sec. 8. NEW SECTION. 499A.17B MEETINGS OF MEMBERS.
18 Meetings of members may be held at such places as may be
19 provided in the articles of co-operation or the bylaws, or as
20 may be fixed from time to time in accordance with the
21 provisions of the articles or the bylaws. In the absence of
22 any such provision, all meetings shall be held at the
23 registered office of the co-operation.
24 An annual meeting of the members shall be held at such time
25 as may be provided in the articles of co-operation or the
26 bylaws. Failure to hold the annual meeting at the designated
27 time shall not work a forfeiture or dissolution of the co-
28 operation.
29 Special meetings of the members may be called by the
30 president or by the board of directors. Special meetings of
31 the members may also be called by such officers or persons, or
32 by a number or proportion of members as may be provided in the
33 articles of co-operation or the bylaws. In the absence of a
34 provision fixing the number or proportion of members entitled
35 to call a meeting, a special meeting of members may be called

1 by members having one-twentieth of the votes entitled to be
2 cast at the meeting.
3 Sec. 9. NEW SECTION. 499A.17C NOTICE OF MEMBERS
4 MEETINGS.
5 Unless the articles of co-operation or the bylaws otherwise
6 provide, written notice stating the place, day, and hour of
7 the meeting and, in the case of a special meeting, the purpose
8 or purposes for which the meeting is called, shall be
9 delivered no less than ten nor more than fifty days before the
10 date of the meeting, either personally or by mail, by or at
11 the direction of the president, the secretary, or the officer
12 or persons calling the meeting, to each member entitled to
13 vote at the meeting. If mailed, notice is deemed to be
14 delivered when deposited in the United States mail addressed
15 to the member at the member's address as it appears on the
16 records of the co-operation, with postage prepaid.
17 Sec. 10. NEW SECTION. 499A.17D VOTING.
18 Each member is entitled to one vote on each matter
19 submitted to a vote of the members. A membership interest in
20 the co-operation jointly owned by two or more persons is
21 nevertheless entitled to one vote.
22 A member entitled to vote may vote in person or by proxy in
23 the manner prescribed in the bylaws.
24 Sec. 11. NEW SECTION. 499A.17E UPKEEP OF THE CO-
25 OPERATION.
26 It is the duty of the co-operation to maintain generally
27 all portions of the co-operation's real property other than
28 the apartment units. The maintenance, repair, and replacement
29 costs of the co-operation's real property shall be contributed
30 to by each of the members in accordance with the proration
31 formula set forth in the bylaws. Each member is responsible
32 for maintenance and repair of the person's apartment unit in
33 the manner provided for in the bylaws and as prescribed by
34 each member's proprietary lease.
35 Sec. 12. NEW SECTION. 499A.17F LIEN FOR ASSESSMENTS.

1 1. The co-operation has a lien on a member's interest in
2 the co-operation for all operating charges or other
3 assessments payable by the member pursuant to the member's
4 proprietary lease from the time the operating charge or other
5 assessment becomes due. If carrying charges and assessments
6 are payable in installments, the full amount of the charge or
7 assessment is a lien from the first time the first installment
8 becomes due. Upon nonpayment of a carrying charge or
9 assessment, the member may be evicted from the member's
10 apartment unit in the same manner as provided by law in the
11 case of an unlawful holdover by a tenant and the lien may be
12 foreclosed by judicial sale in like manner as a mortgage on
13 real estate, or may be foreclosed by the power of sale
14 provided in this section.
15 A lien under this section is prior to all other liens and
16 encumbrances on a member's co-operative interest except liens
17 and encumbrances on the co-operation's real property which the
18 co-operation creates, assumes, or takes subject to, and liens
19 for real estate taxes and other governmental assessments or
20 charges against the co-operation or the member's co-operative
21 interest.
22 2. The co-operation, upon a member's nonpayment of
23 carrying charges and assessments and the co-operation's
24 compliance with this section, may sell the defaulting member's
25 co-operative interest. Sale may be at a public sale or by
26 private negotiation, and at any time and place, but every
27 aspect of the sale, including the method, advertising, time,
28 place, and terms must be reasonable. The co-operation shall
29 give to the member and any sublessees of the member reasonable
30 written notice of the time and place of a public sale or, if a
31 private sale is intended, of the intention of entering into a
32 contract to sell and of the time after which a private
33 disposition may be made. The same notice shall also be sent
34 to any other person who has a recorded interest in the
35 defaulting members co-operative interest which would be

1 extinguished by the sale. The notices required by this
2 paragraph may be sent to any address reasonable under the
3 circumstances. Sale may not be held until five weeks after
4 the sending of the notice. The co-operation may buy at a
5 public sale, and, if the sale is conducted by a fiduciary or
6 other person not related to the co-operation, at a private
7 sale.
8 3. The proceeds of a sale under the preceding paragraph
9 shall be applied in the following order:
10 a. The reasonable expenses of sale.
11 b. The reasonable expenses of securing possession before
12 sale, and the reasonable expenses of holding, maintaining, and
13 preparing the co-operative interest for sale. These expenses
14 include, but are not limited to the payment of taxes and other
15 governmental charges, premiums on liability insurance, and to
16 the extent provided for by agreement between the co-operation
17 and the member, reasonable attorneys' fees and other legal
18 expenses incurred by the co-operation.
19 c. Satisfaction of the co-operation's lien.
20 d. Satisfaction in the order of priority of any
21 subordinate claim of record.
22 e. Remittance of any excess to the member.
23 Unless otherwise agreed, the member is liable for any
24 deficiency.
25 4. If a co-operative interest is sold pursuant to this
26 section, a good faith purchaser for value acquires the
27 member's interest in the co-operation free of the debt that
28 gave rise to the lien under which the sale occurred, and free
29 of any subordinate interest.
30 5. At any time before the co-operation has disposed of the
31 co-operative interest or entered into a contract for its
32 disposition under the power of sale, the member or the holder
33 of any subordinate security interest may cure the member's
34 default and prevent sale or other disposition by tendering the
35 performance due, including any amounts due arising from the

exercise of the rights under this section, plus the reasonable expenses of proceeding to foreclosure incurred to the time of tender, including reasonable attorneys' fees of the creditor.

6. The property of a member other than the member's membership interest in the co-operation is not subject to claims of the co-operation's creditors, whether or not the member's membership interest is subject to those claims.

Sec. 13. Section 499A.18, Code 1991, is amended to read as follows:

499A.18 HOMESTEAD.

~~The ownership of an~~ Each individual apartment ~~shall constitute~~ constitutes a homestead and ~~be~~ is exempt from execution, provided the ~~owner~~ member otherwise qualifies within the laws of the state of Iowa for such exemption.

Sec. 14. Section 499A.19, Code 1991, is amended to read as follows:

499A.19 ELECTION OF DIRECTORS.

The directors ~~authorized under this chapter~~ shall be elected by the members of the co-operation. ~~If one member owns more than one apartment that member may nevertheless have but one vote at such election. If any apartment or room is owned by more than one member they may, nevertheless, have but one vote at such election.~~ The election of officers shall be made by the board of directors. ~~The officers and board of directors may hire a custodian or janitor for reasonable compensation to generally serve and oversee the apartment building.~~ The annual election of the directors shall be held during the month of January of each year, and they shall serve until their successors are elected and qualified.

The board of directors shall elect as officers, a president ~~and~~, a vice president, a secretary, and a treasurer.

It ~~shall be~~ is the duty of the secretary to keep the records of the co-operation, and a correct list of the ~~owners and lessees of each apartment~~ members, and all such records shall be submitted to any ~~apartment or room owner~~ member upon

1 demand at any reasonable time.
2 Sec. 15. A co-operation organized pursuant to this chapter
3 must conform to the provisions of this Act no later than six
4 months after the effective date.
5 Sec. 16. Sections 499A.5, 499A.6, 499A.12, 499A.13,
6 499A.15, 499A.16, 499A.17, and 499A.21 are repealed.
7 Sec. 17. This Act applies to any co-operation organized
8 pursuant to chapter 499A on or after December 1, 1990.
9 EXPLANATION
10 This bill amends chapter 499A relating to the ownership of
11 residential, business property on a co-operative basis.
12 References to stockholders are deleted and replaced with a
13 reference to members of the co-operation. A co-operation
14 formed under this chapter would only be allowed one class of
15 members. The bill defines the rights, including property
16 rights, of each member of the co-operation, and provides that
17 membership in the co-operation is coupled with a possessory
18 interest in the real and personal property of the co-
19 operation. The bill provides for the adoption, amendment, or
20 repeal of the bylaws, an annual meeting of the members, and
21 additional meetings, if necessary. Each member is entitled to
22 one vote, except that a membership interest jointly owned by
23 two or more persons is only entitled to one vote.
24 The bill establishes a duty on the co-operation to maintain
25 generally all portions of the co-operation's real property
26 other than apartment units. The co-operation is granted a
27 lien on a member's interest for all operating charges or other
28 assessments and provides remedies to the co-operation as a
29 result of the nonpayment of such charges or assessments,
30 including the eviction of the member and the sale of the
31 member's interest.
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SENATE FILE 477

S-3202

1 Amend Senate File 477 as follows:
2 1. By striking everything after the enacting
3 clause and inserting the following:
4 "Section 1. Section 499A.1, Code 1991, is amended
5 to read as follows:
6 499A.1 ARTICLES.
7 Any two or more persons of full age, a majority of
8 whom ~~shall be~~ are citizens of the state, may organize
9 themselves for the following or similar purposes:
10 Ownership of residential, business property on a co-
11 ~~operative~~ cooperative basis. A corporation is a
12 person within the meaning of this chapter. The
13 organizers shall adopt, and sign and acknowledge the
14 articles of ~~co-operation~~ incorporation, stating the
15 name by which the ~~co-operation~~ cooperative shall be
16 known, the location of its principal place of
17 business, its business or objects, the number of
18 ~~trustees,~~ directors~~,-managers-or-other-officers~~ to
19 conduct the ~~same~~ cooperative's business or objects,
20 the names ~~thereof~~ of the directors for the first year,
21 the time of ~~its~~ the cooperative's annual meeting, ~~and~~
22 the time of the annual meeting of its ~~trustees,-or~~
23 directors, and the manner in which the articles may be
24 amended. ~~Said~~ The articles of ~~co-operation~~
25 incorporation shall be filed with the secretary of
26 state who shall, if the secretary approves the ~~same~~
27 ~~indorse~~ articles, endorse, the secretary of state's
28 approval ~~thereon~~ on the articles, record the ~~same~~
29 articles, and ~~thereafter~~ forward the ~~same~~ articles to
30 the county recorder of the county where the principal
31 place of business is to be located, and there ~~to~~ the
32 articles shall be recorded, and upon recording be
33 returned to the ~~co-operation~~ cooperative. The ~~said~~
34 articles shall not be filed by the secretary of state
35 until a filing fee of five dollars together with a
36 recording fee of fifty cents per page is paid, and
37 upon the payment of ~~said~~ the fees and the approval of
38 the articles by the secretary of state, the secretary
39 shall issue to ~~said-co-operation~~ the cooperative a
40 certificate of ~~co-operation~~ incorporation as a co-
41 ~~operation~~ cooperative not for pecuniary profit.
42 Amendments to the articles ~~may~~ shall be filed and
43 receive approval as provided ~~herein~~ in this chapter
44 for articles, and the fee ~~therefor~~ for amendments
45 shall be five dollars in each instance~~,-and-no~~. An
46 amendment ~~shall be~~ is not effective until the ~~same~~
47 amendment is approved and the fee ~~therefor~~ is paid.
48 Sec. 2. Section 499A.3. Code 1991, is amended to
49 read as follows:
50 499A.3 MEMBERS.

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Page 2

1 A ~~co-operation may~~ cooperative shall have only one
2 ~~or more classes~~ class of members. The designation of
3 ~~such~~ that class ~~or classes~~ and the ~~qualifications and~~
4 rights of the members of ~~each~~ the class shall be set
5 forth in the articles of ~~co-operation~~ incorporation or
6 the bylaws. The ~~co-operation~~ cooperative must issue
7 membership certificates ~~or deeds~~ evidencing ~~membership~~
8 ~~or~~ the ownership ~~of a particular~~ interest ~~therein~~ of
9 each member of the cooperative.
10 Sec. 3. Section 499A.4, Code 1991, is amended to
11 read as follows:
12 499A.4 DIVIDENDS.
13 No A dividend or distribution of property among the
14 ~~stockholders~~ members shall not be made until
15 dissolution of the ~~co-operation~~ cooperative.
16 Sec. 4. Section 499A.7, Code 1991, is amended to
17 read as follows:
18 499A.7 REORGANIZING PRIOR TO EXPIRATION OF TERM.
19 The ~~trustees,~~ directors, or members of any ~~co-~~
20 ~~operation~~ cooperative organized under this chapter may
21 reorganize the ~~same~~ cooperative, and all the property
22 and rights ~~thereof~~ of the cooperative shall vest in
23 the ~~co-operation~~ cooperative as reorganized.
24 Sec. 5. Section 499A.11, Code 1991, is amended to
25 read as follows:
26 499A.11 CERTIFICATE OF OWNERSHIP.
27 The ~~co-operative association shall have~~ cooperative
28 has the right to purchase real estate for the purpose
29 of erecting, owning, and operating apartment houses or
30 apartment buildings ~~and the members shall be the~~
31 ~~owners thereof.~~ The interest of each individual
32 member in the cooperative shall be evidenced by the
33 issuance of a certificate of ~~ownership or deed to a~~
34 ~~particular apartment or room therein.--Such~~
35 membership. The certificate of membership is coupled
36 with a possessory interest in the real and personal
37 property of the cooperative, entitling each member to
38 a proprietary lease with the cooperative under which
39 each member has an exclusive possessory interest in an
40 apartment unit and a possessory interest in common
41 with all other members in that portion of the
42 cooperative's real and personal property not
43 constituting apartment units, and which creates a
44 legal relationship of landlord and tenant between the
45 cooperative and member. The certificate of ~~ownership~~
46 ~~or deed~~ membership shall be executed by the president
47 of the ~~co-operation~~ cooperative and attested by its
48 secretary in the name and in the behalf of the ~~co-~~
49 ~~operation~~ cooperative.
50 Sec. 6. Section 499A.14, Code 1991, is amended to

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1 read as follows:
2 499A.14 TAXATION.
3 The real estate shall be taxed in the name of the
4 ~~co-operation~~ cooperative, and each ~~person owning an~~
5 ~~apartment or room~~ member of the cooperative shall pay
6 that ~~person's~~ member's proportionate share of ~~such~~ the
7 tax in accordance with the proration formula set forth
8 in the bylaws, and each ~~person owning~~ member occupying
9 an apartment as a residence ~~and under the~~
10 ~~qualifications of the laws of the state of Iowa as~~
11 ~~such~~ shall receive that ~~person's~~ member's
12 proportionate homestead tax credit and each veteran of
13 the military services of the United States identified
14 as such under the laws of the state of Iowa or the
15 United States shall receive as a credit that ~~person's~~
16 member's veterans tax benefit as prescribed by the
17 laws of the state of Iowa.
18 Sec. 7. NEW SECTION. 499A.17A BYLAWS.
19 The initial bylaws of the cooperative shall be
20 adopted by the cooperative's board of directors.
21 Prior to the admission of members to the cooperative,
22 the power to alter, amend, or repeal the bylaws or
23 adopt new bylaws is vested in the board of directors.
24 Following the admission of members to the cooperative,
25 the power to alter, amend, or repeal the bylaws or
26 adopt new bylaws is vested in the members in
27 accordance with the method set forth in the bylaws.
28 The bylaws may contain any provisions for the
29 regulation and management of the affairs of the
30 cooperative not inconsistent with law or the articles
31 of incorporation. However, the bylaws must provide
32 for:
33 1. The number of members of the board of directors
34 and the term of the members.
35 2. The election of a president, vice president,
36 treasurer, and secretary by the board of directors.
37 3. The qualifications, powers and duties, terms of
38 office, and manner of electing and removing board
39 members and officers and filling vacancies of such
40 members.
41 4. The method of amending the bylaws.
42 Sec. 8. NEW SECTION. 499A.17B MEETINGS OF
43 MEMBERS.
44 Meetings of members may be held at such places as
45 may be provided in the articles of incorporation or
46 the bylaws, or as may be fixed from time to time in
47 accordance with the provisions of the articles or the
48 bylaws. In the absence of any such provision, all
49 meetings shall be held at the registered office of the
50 cooperative.

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1 An annual meeting of the members shall be held at
2 such time as may be provided in the articles of
3 incorporation or the bylaws. Failure to hold the
4 annual meeting at the designated time shall not work a
5 forfeiture or dissolution of the cooperative.
6 Special meetings of the members may be called by
7 the president or by the board of directors. Special
8 meetings of the members may also be called by such
9 officers or persons, or by a number or proportion of
10 members as may be provided in the articles of
11 incorporation or the bylaws. In the absence of a
12 provision fixing the number or proportion of members
13 entitled to call a meeting, a special meeting of
14 members may be called by members having one-twentieth
15 of the votes entitled to be cast at the meeting.
16 Sec. 9. NEW SECTION. 499A.17C NOTICE OF MEMBERS
17 MEETINGS.
18 Unless the articles of incorporation or the bylaws
19 otherwise provide, written notice stating the place,
20 day, and hour of the meeting and, in the case of a
21 special meeting, the purpose or purposes for which the
22 meeting is called, shall be delivered no less than ten
23 nor more than fifty days before the date of the
24 meeting, either personally or by mail, by or at the
25 direction of the president, the secretary, or the
26 officer or persons calling the meeting, to each member
27 entitled to vote at the meeting. If mailed, notice is
28 deemed to be delivered when deposited in the United
29 States mail addressed to the member at the member's
30 address as it appears on the records of the
31 cooperative, with postage prepaid.
32 Sec. 10. NEW SECTION. 499A.17D VOTING.
33 Each member is entitled to one vote on each matter
34 submitted to a vote of the members. A membership
35 interest in the cooperative jointly owned by two or
36 more persons is nevertheless entitled to one vote.
37 A member entitled to vote may vote in person or by
38 proxy in the manner prescribed in the bylaws.
39 Sec. 11. NEW SECTION. 499A.17E UPKEEP OF THE CO-
40 OPERATIVE.
41 It is the duty of the cooperative to maintain
42 generally all portions of the cooperative's real
43 property other than the apartment units. The
44 maintenance, repair, and replacement costs of the
45 cooperative's real property shall be contributed to by
46 each of the members in accordance with the proration
47 formula set forth in the bylaws. Each member is
48 responsible for maintenance and repair of the person s
49 apartment unit in the manner provided for in the
50 bylaws and as prescribed by each member's proprietary

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1 lease.
2 Sec. 12. NEW SECTION. 499A.17F LIEN FOR
3 ASSESSMENTS.
4 1. The cooperative has a lien on a member's
5 interest in the cooperative for all operating charges
6 or other assessments payable by the member pursuant to
7 the member's proprietary lease from the time the
8 operating charge or other assessment becomes due. If
9 carrying charges and assessments are payable in
10 installments, the full amount of the charge or
11 assessment is a lien from the first time the first
12 installment becomes due. Upon nonpayment of a
13 carrying charge or assessment, the member may be
14 evicted from the member's apartment unit in the same
15 manner as provided by law in the case of an unlawful
16 holdover by a tenant and the lien may be foreclosed by
17 judicial sale in like manner as a mortgage on real
18 estate, or may be foreclosed by the power of sale
19 provided in this section.
20 A lien under this section is prior to all other
21 liens and encumbrances on a member's cooperative
22 interest except liens and encumbrances on the
23 cooperative's real property which the cooperative
24 creates, assumes, or takes subject to, and liens for
25 real estate taxes and other governmental assessments
26 or charges against the cooperative or the member's
27 cooperative interest.
28 2. The cooperative, upon a member's nonpayment of
29 carrying charges and assessments and the cooperative's
30 compliance with this section, may sell the defaulting
31 member's cooperative interest. Sale may be at a
32 public sale or by private negotiation, and at any time
33 and place, but every aspect of the sale, including the
34 method, advertising, time, place, and terms must be
35 reasonable. The cooperative shall give to the member
36 and any sublessees of the member reasonable written
37 notice of the time and place of a public sale or, if a
38 private sale is intended, of the intention of entering
39 into a contract to sell and of the time after which a
40 private disposition may be made. The same notice
41 shall also be sent to any other person who has a
42 recorded interest in the defaulting members
43 cooperative interest which would be extinguished by
44 the sale. The notices required by this paragraph may
45 be sent to any address reasonable under the
46 circumstances. Sale may not be held until five weeks
47 after the sending of the notice. The cooperative may
48 buy at a public sale, and, if the sale is conducted by
49 a fiduciary or other person not related to the
50 cooperative, at a private sale.

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Page 6

1 3. The proceeds of a sale under the preceding
2 paragraph shall be applied in the following order:
3 a. The reasonable expenses of sale.
4 b. The reasonable expenses of securing possession
5 before sale, and the reasonable expenses of holding,
6 maintaining, and preparing the cooperative interest
7 for sale. These expenses include, but are not limited
8 to the payment of taxes and other governmental
9 charges, premiums on liability insurance, and to the
10 extent provided for by agreement between the
11 cooperative and the member, reasonable attorneys' fees
12 and other legal expenses incurred by the cooperative.
13 c. Satisfaction of the cooperative's lien.
14 d. Satisfaction in the order of priority of any
15 subordinate claim of record.
16 e. Remittance of any excess to the member.
17 Unless otherwise agreed, the member is liable for
18 any deficiency.
19 4. If a cooperative interest is sold pursuant to
20 this section, a good faith purchaser for value
21 acquires the member's interest in the cooperative free
22 of the debt that gave rise to the lien under which the
23 sale occurred, and free of any subordinate interest.
24 5. At any time before the cooperative has disposed
25 of the cooperative interest or entered into a contract
26 for its disposition under the power of sale, the
27 member or the holder of any subordinate security
28 interest may cure the member's default and prevent
29 sale or other disposition by rendering the performance
30 due, including any amounts due arising from the
31 exercise of the rights under this section, plus the
32 reasonable expenses of proceeding to foreclosure
33 incurred to the time of tender, including reasonable
34 attorneys' fees of the creditor.
35 6. The property of a member other than the
36 member's membership interest in the cooperative is not
37 subject to claims of the cooperative's creditors,
38 whether or not the member's membership interest is
39 subject to those claims.
40 Sec. 13. Section 499A.18, Code 1991, is amended to
41 read as follows:
42 499A.18 HOMESTEAD.
43 ~~The ownership of an~~ Each individual apartment shall
44 ~~constitute~~ constitutes a homestead and ~~be~~ is exempt
45 from execution, provided the ~~owner~~ member otherwise
46 qualifies within the laws of the state of Iowa for
47 such exemption.
48 Sec. 14. Section 499A.19, Code 1991, is amended to
49 read as follows:
50 499A.19 ELECTION OF DIRECTORS.

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Page 7

1 The directors ~~authorized under this chapter~~ shall
2 be elected by the members of the ~~co-operation~~
3 cooperative. ~~If one member owns more than one~~
4 ~~apartment that member may nevertheless have but one~~
5 ~~vote at such election. If any apartment or room is~~
6 ~~owned by more than one member they may, nevertheless,~~
7 ~~have but one vote at such election.~~ The election of
8 officers shall be made by the board of directors. ~~The~~
9 ~~officers and board of directors may hire a custodian~~
10 ~~or janitor for reasonable compensation to generally~~
11 ~~serve and oversee the apartment building.~~ The annual
12 election of the directors shall be held during the
13 month of January of each year, and they shall serve
14 until their successors are elected and qualified.
15 The board of directors shall elect as officers, a
16 president ~~and~~, a vice president, a secretary, and a
17 treasurer.
18 It ~~shall be~~ is the duty of the secretary to keep
19 the records of the ~~co-operation~~ cooperative, and a
20 correct list of the ~~owners and lessees of each~~
21 ~~apartment~~ members, and all such records shall be
22 submitted to any ~~apartment or room owner~~ member upon
23 demand at any reasonable time.
24 Sec. 15. Section 499A.20, Code 1991, is amended to
25 read as follows:
26 499A.20 TITLE OF ACT.
27 This ~~chapter~~ subchapter shall be known and cited as
28 "The ~~Multiple~~ Cooperative Housing Act ~~of 1947~~."
29 Sec. 16. The Code editor shall editorially change
30 references to "co-operation" in chapter 499A, not
31 amended in this Act, to "cooperative", as appropriate.
32 Sec. 17. Sections 499A.5, 499A.6, 499A.12,
33 499A.13, 499A.15, 499A.16, 499A.17, and 499A.21 are
34 repealed.
35 Sec. 18. This Act applies to any cooperative
36 organized pursuant to chapter 499A on or after
37 December 1, 1990.
38 Sec. 19. This Act, being deemed of immediate
39 importance, is effective upon enactment."
40 2. Title page, by striking lines 1 through 2 and
41 inserting the following: "An Act relating to
42 cooperative ownership of residential, business
43 property, providing an applicability date, and
44 providing an effective date."

By ELAINE SZYMONIAK

S-3202 FILED MARCH 27, 1991
ADOPTED (p. 917)

SENATE FILE 477
BY COMMITTEE ON LOCAL GOVERNMENT

(SUCCESSOR TO SSB 295)
Substituted for H.F. 620

(AS AMENDED AND PASSED BY THE SENATE MARCH 27, 1991)
ALL New Language by the Senate

Passed Senate, Date 3/27/91 (p. 918) Passed House, Date 4/8/91 (p. 1137)
Vote: Ayes 49 Nays 0 Vote: Ayes 92 Nays 0
Approved April 16, 1991 (p. 1266)

A BILL FOR

1 An Act relating to cooperative ownership of residential, business
2 property, providing an applicability date, and providing an
3 effective date.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
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S.F. 477

TLSB 2496SV 74
mj/cf/24

S.F. 477 H.F. _____

Section 1. Section 499A.1, Code 1991, is amended to read as follows:

499A.1 ARTICLES.

Any two or more persons of full age, a majority of whom ~~shall be~~ are citizens of the state, may organize themselves for the following or similar purposes: Ownership of residential, business property on a ~~co-operative~~ cooperative basis. A corporation is a person within the meaning of this chapter. The organizers shall adopt, and sign and acknowledge the articles of ~~co-operation~~ incorporation, stating the name by which the ~~co-operation~~ cooperative shall be known, the location of its principal place of business, its business or objects, the number of ~~trustees,~~ directors~~,managers or other officers~~ to conduct the ~~same~~ cooperative's business or objects, the names ~~thereof~~ of the directors for the first year, the time of ~~its~~ the cooperative's annual meeting, ~~and~~ the time of the annual meeting of its ~~trustees, or~~ directors, and the manner in which the articles may be amended. ~~Said~~ The articles of ~~co-operation~~ incorporation shall be filed with the secretary of state who shall, if the secretary approves the ~~same indorse~~ articles, endorse, the secretary of state's approval ~~thereon~~ on the articles, record the ~~same~~ articles, and ~~thereafter~~ forward the ~~same~~ articles to the county recorder of the county where the principal place of business is to be located, and there ~~it~~ the articles shall be recorded, and upon recording be returned to the ~~co-operation~~ cooperative. The ~~said~~ articles shall not be filed by the secretary of state until a filing fee of five dollars together with a recording fee of fifty cents per page is paid, and upon the payment of ~~said~~ the fees and the approval of the articles by the secretary of state, the secretary shall issue to ~~said co-operation~~ the cooperative a certificate of ~~co-operation~~ incorporation as a ~~co-operation~~ cooperative not for pecuniary profit.

Amendments to the articles ~~may~~ shall be filed and receive

1 approval as provided ~~herein~~ in this chapter for articles, and
2 the fee ~~therefor~~ for amendments shall be five dollars in each
3 instance~~,-and-no~~. An amendment ~~shall-be~~ is not effective
4 until the ~~same~~ amendment is approved and the fee ~~therefor~~ is
5 paid.
6 Sec. 2. Section 499A.3, Code 1991, is amended to read as
7 follows:
8 499A.3 MEMBERS.
9 A ~~co-operation-may~~ cooperative shall have only one ~~or-more~~
10 ~~classes~~ class of members. The designation of ~~such~~ that class
11 ~~or-classes~~ and the ~~qualifications-and~~ rights of the members of
12 ~~each~~ the class shall be set forth in the articles of ~~co-~~
13 ~~operation~~ incorporation or the bylaws. The ~~co-operation~~
14 cooperative must issue membership certificates ~~or-deeds~~
15 evidencing ~~membership-or~~ the ownership ~~of-a-particular~~
16 interest ~~therein~~ of each member of the cooperative.
17 Sec. 3. Section 499A.4, Code 1991, is amended to read as
18 follows:
19 499A.4 DIVIDENDS.
20 ~~No~~ A dividend or distribution of property among the
21 ~~stockholders~~ members shall not be made until dissolution of
22 the ~~co-operation~~ cooperative.
23 Sec. 4. Section 499A.7, Code 1991, is amended to read as
24 follows:
25 499A.7 REORGANIZING PRIOR TO EXPIRATION OF TERM.
26 The ~~trustees,~~ directors~~,~~ or members of any ~~co-operation~~
27 cooperative organized under this chapter may reorganize the
28 ~~same~~ cooperative, and all the property and rights ~~thereof~~ of
29 the cooperative shall vest in the ~~co-operation~~ cooperative as
30 reorganized.
31 Sec. 5. Section 499A.11, Code 1991, is amended to read as
32 follows:
33 499A.11 CERTIFICATE OF OWNERSHIP.
34 The ~~co-operative-association-shall-have~~ cooperative has the
35 right to purchase real estate for the purpose of erecting,

1 owning, and operating apartment houses or apartment buildings
2 ~~and-the-members-shall-be-the-owners-thereof.~~ The interest of
3 each individual member in the cooperative shall be evidenced
4 by the issuance of a certificate of ~~ownership-or-deed-to-a~~
5 ~~particular-apartment-or-room-therein.--Such~~ membership. The
6 certificate of membership is coupled with a possessory
7 interest in the real and personal property of the cooperative,
8 entitling each member to a proprietary lease with the
9 cooperative under which each member has an exclusive
10 possessory interest in an apartment unit and a possessory
11 interest in common with all other members in that portion of
12 the cooperative's real and personal property not constituting
13 apartment units, and which creates a legal relationship of
14 landlord and tenant between the cooperative and member. The
15 certificate of ~~ownership-or-deed~~ membership shall be executed
16 by the president of the ~~co-operation~~ cooperative and attested
17 by its secretary in the name and in the behalf of the ~~co-~~
18 ~~operation~~ cooperative.
19 Sec. 6. Section 499A.14, Code 1991, is amended to read as
20 follows:
21 499A.14 TAXATION.
22 The real estate shall be taxed in the name of the ~~co-~~
23 ~~operation~~ cooperative, and each ~~person-owning-an-apartment-or~~
24 ~~room~~ member of the cooperative shall pay that ~~person's~~
25 member's proportionate share of ~~such~~ the tax in accordance
26 with the proration formula set forth in the bylaws, and each
27 ~~person-owning~~ member occupying an apartment as a residence ~~and~~
28 ~~under-the-qualifications-of-the-laws-of-the-state-of-Iowa-as~~
29 ~~such~~ shall receive that ~~person's~~ member's proportionate
30 homestead tax credit and each veteran of the military services
31 of the United States identified as such under the laws of the
32 state of Iowa or the United States shall receive as a credit
33 that ~~person's~~ member's veterans tax benefit as prescribed by
34 the laws of the state of Iowa.
35 Sec. 7. NEW SECTION. 499A.17A BYLAWS.

1 The initial bylaws of the cooperative shall be adopted by
2 the cooperative's board of directors. Prior to the admission
3 of members to the cooperative, the power to alter, amend, or
4 repeal the bylaws or adopt new bylaws is vested in the board
5 of directors. Following the admission of members to the
6 cooperative, the power to alter, amend, or repeal the bylaws
7 or adopt new bylaws is vested in the members in accordance
8 with the method set forth in the bylaws.
9 The bylaws may contain any provisions for the regulation
10 and management of the affairs of the cooperative not
11 inconsistent with law or the articles of incorporation.
12 However, the bylaws must provide for:
13 1. The number of members of the board of directors and the
14 term of the members.
15 2. The election of a president, vice president, treasurer,
16 and secretary by the board of directors.
17 3. The qualifications, powers and duties, terms of office,
18 and manner of electing and removing board members and officers
19 and filling vacancies of such members.
20 4. The method of amending the bylaws.
21 Sec. 8. NEW SECTION. 499A.17B MEETINGS OF MEMBERS.
22 Meetings of members may be held at such places as may be
23 provided in the articles of incorporation or the bylaws, or as
24 may be fixed from time to time in accordance with the
25 provisions of the articles or the bylaws. In the absence of
26 any such provision, all meetings shall be held at the
27 registered office of the cooperative.
28 An annual meeting of the members shall be held at such time
29 as may be provided in the articles of incorporation or the
30 bylaws. Failure to hold the annual meeting at the designated
31 time shall not work a forfeiture or dissolution of the
32 cooperative.
33 Special meetings of the members may be called by the
34 president or by the board of directors. Special meetings of
35 the members may also be called by such officers or persons, or

1 by a number or proportion of members as may be provided in the
2 articles of incorporation or the bylaws. In the absence of a
3 provision fixing the number or proportion of members entitled
4 to call a meeting, a special meeting of members may be called
5 by members having one-twentieth of the votes entitled to be
6 cast at the meeting.
7 Sec. 9. NEW SECTION. 499A.17C NOTICE OF MEMBERS
8 MEETINGS.
9 Unless the articles of incorporation or the bylaws
10 otherwise provide, written notice stating the place, day, and
11 hour of the meeting and, in the case of a special meeting, the
12 purpose or purposes for which the meeting is called, shall be
13 delivered no less than ten nor more than fifty days before the
14 date of the meeting, either personally or by mail, by or at
15 the direction of the president, the secretary, or the officer
16 or persons calling the meeting, to each member entitled to
17 vote at the meeting. If mailed, notice is deemed to be
18 delivered when deposited in the United States mail addressed
19 to the member at the member's address as it appears on the
20 records of the cooperative, with postage prepaid.
21 Sec. 10. NEW SECTION. 499A.17D VOTING.
22 Each member is entitled to one vote on each matter
23 submitted to a vote of the members. A membership interest in
24 the cooperative jointly owned by two or more persons is
25 nevertheless entitled to one vote.
26 A member entitled to vote may vote in person or by proxy in
27 the manner prescribed in the bylaws.
28 Sec. 11. NEW SECTION. 499A.17E UPKEEP OF THE CO-
29 OPERATIVE.
30 It is the duty of the cooperative to maintain generally all
31 portions of the cooperative's real property other than the
32 apartment units. The maintenance, repair, and replacement
33 costs of the cooperative's real property shall be contributed
34 to by each of the members in accordance with the proration
35 formula set forth in the bylaws. Each member is responsible

1 for maintenance and repair of the person's apartment unit in
2 the manner provided for in the bylaws and as prescribed by
3 each member's proprietary lease.
4 Sec. 12. NEW SECTION. 499A.17F LIEN FOR ASSESSMENTS.
5 1. The cooperative has a lien on a member's interest in
6 the cooperative for all operating charges or other assessments
7 payable by the member pursuant to the member's proprietary
8 lease from the time the operating charge or other assessment
9 becomes due. If carrying charges and assessments are payable
10 in installments, the full amount of the charge or assessment
11 is a lien from the first time the first installment becomes
12 due. Upon nonpayment of a carrying charge or assessment, the
13 member may be evicted from the member's apartment unit in the
14 same manner as provided by law in the case of an unlawful
15 holdover by a tenant and the lien may be foreclosed by
16 judicial sale in like manner as a mortgage on real estate, or
17 may be foreclosed by the power of sale provided in this
18 section.
19 A lien under this section is prior to all other liens and
20 encumbrances on a member's cooperative interest except liens
21 and encumbrances on the cooperative's real property which the
22 cooperative creates, assumes, or takes subject to, and liens
23 for real estate taxes and other governmental assessments or
24 charges against the cooperative or the member's cooperative
25 interest.
26 2. The cooperative, upon a member's nonpayment of carrying
27 charges and assessments and the cooperative's compliance with
28 this section, may sell the defaulting member's cooperative
29 interest. Sale may be at a public sale or by private
30 negotiation, and at any time and place, but every aspect of
31 the sale, including the method, advertising, time, place, and
32 terms must be reasonable. The cooperative shall give to the
33 member and any sublessees of the member reasonable written
34 notice of the time and place of a public sale or, if a private
35 sale is intended, of the intention of entering into a contract

1 to sell and of the time after which a private disposition may
2 be made. The same notice shall also be sent to any other
3 person who has a recorded interest in the defaulting members
4 cooperative interest which would be extinguished by the sale.
5 The notices required by this paragraph may be sent to any
6 address reasonable under the circumstances. Sale may not be
7 held until five weeks after the sending of the notice. The
8 cooperative may buy at a public sale, and, if the sale is
9 conducted by a fiduciary or other person not related to the
10 cooperative, at a private sale.
11 3. The proceeds of a sale under the preceding paragraph
12 shall be applied in the following order:
13 a. The reasonable expenses of sale.
14 b. The reasonable expenses of securing possession before
15 sale, and the reasonable expenses of holding, maintaining, and
16 preparing the cooperative interest for sale. These expenses
17 include, but are not limited to the payment of taxes and other
18 governmental charges, premiums on liability insurance, and to
19 the extent provided for by agreement between the cooperative
20 and the member, reasonable attorneys' fees and other legal
21 expenses incurred by the cooperative.
22 c. Satisfaction of the cooperative's lien.
23 d. Satisfaction in the order of priority of any
24 subordinate claim of record.
25 e. Remittance of any excess to the member.
26 Unless otherwise agreed, the member is liable for any
27 deficiency.
28 4. If a cooperative interest is sold pursuant to this
29 section, a good faith purchaser for value acquires the
30 member's interest in the cooperative free of the debt that
31 gave rise to the lien under which the sale occurred, and free
32 of any subordinate interest.
33 5. At any time before the cooperative has disposed of the
34 cooperative interest or entered into a contract for its
35 disposition under the power of sale, the member or the holder

of any subordinate security interest may cure the member's default and prevent sale or other disposition by tendering the performance due, including any amounts due arising from the exercise of the rights under this section, plus the reasonable expenses of proceeding to foreclosure incurred to the time of tender, including reasonable attorneys' fees of the creditor.

6. The property of a member other than the member's membership interest in the cooperative is not subject to claims of the cooperative's creditors, whether or not the member's membership interest is subject to those claims.

Sec. 13. Section 499A.18, Code 1991, is amended to read as follows:

499A.18 HOMESTEAD.

~~The ownership of an~~ Each individual apartment ~~shall constitute~~ constitutes a homestead and ~~be~~ is exempt from execution, provided the ~~owner~~ member otherwise qualifies within the laws of the state of Iowa for such exemption.

Sec. 14. Section 499A.19, Code 1991, is amended to read as follows:

499A.19 ELECTION OF DIRECTORS.

The directors ~~authorized under this chapter~~ shall be elected by the members of the ~~co-operation~~ cooperative. ~~If one member owns more than one apartment that member may nevertheless have but one vote at such election. If any apartment or room is owned by more than one member they may, nevertheless, have but one vote at such election.~~ The election of officers shall be made by the board of directors. ~~The officers and board of directors may hire a custodian or janitor for reasonable compensation to generally serve and oversee the apartment building.~~ The annual election of the directors shall be held during the month of January of each year, and they shall serve until their successors are elected and qualified.

The board of directors shall elect as officers, a president ~~and~~, a vice president, a secretary, and a treasurer.

1 It ~~shall be~~ is the duty of the secretary to keep the
2 records of the ~~co-operation~~ cooperative, and a correct list of
3 the ~~owners and lessees of each apartment~~ members, and all such
4 records shall be submitted to any ~~apartment or room owner~~
5 member upon demand at any reasonable time.
6 Sec. 15. Section 499A.20, Code 1991, is amended to read as
7 follows:
8 499A.20 TITLE OF ACT.
9 This ~~chapter~~ subchapter shall be known and cited as "The
10 ~~Multiple~~ Cooperative Housing Act ~~of 1947~~."
11 Sec. 16. The Code editor shall editorially change
12 references to "co-operation" in chapter 499A, not amended in
13 this Act, to "cooperative", as appropriate.
14 Sec. 17. Sections 499A.5, 499A.6, 499A.12, 499A.13,
15 499A.15, 499A.16, 499A.17, and 499A.21 are repealed.
16 Sec. 18. This Act applies to any cooperative organized
17 pursuant to chapter 499A on or after December 1, 1990.
18 Sec. 19. This Act, being deemed of immediate importance,
19 is effective upon enactment.
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SSB 295
LOCAL GOVERNMENT

SZYMONIAK, CH.
MILLER
BORLAUG

SENATE FILE 477
BY (PROPOSED COMMITTEE ON LOCAL GOVERNMENT BILL BY CHAIRPERSON MILLER)

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

A BILL FOR

1 An Act relating to co-operative ownership of residential,
2 business property, and providing an applicability date.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
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TLSB 2496SC 74
mj/cf/24

S.F. _____ H.F. _____

Section 1. Section 499A.1, Code 1991, is amended to read as follows:

499A.1 ARTICLES.

Any two or more persons of full age, a majority of whom ~~shall be~~ are citizens of the state, may organize themselves for the following or similar purposes: Ownership of residential, business property on a co-operative basis. A corporation is a person within the meaning of this chapter. The organizers shall adopt, and sign and acknowledge the articles of co-operation, stating the name by which the co-operation shall be known, the location of its principal place of business, its business or objects, the number of ~~trustees,~~ directors~~,managers or other officers~~ to conduct the ~~same~~ co-operation's business or objects, the names ~~thereof~~ of the directors for the first year, the time of ~~its~~ the co-operation's annual meeting, ~~and~~ the time of the annual meeting of its ~~trustees, or~~ directors, and the manner in which the articles may be amended. ~~Said~~ The articles of co-operation shall be filed with the secretary of state who shall, if the secretary approves the ~~same~~ articles, indorse the secretary of state's approval ~~thereon~~ on the articles, record the ~~same~~ articles, and ~~thereafter~~ forward the ~~same~~ articles to the county recorder of the county where the principal place of business is to be located, and there ~~it~~ the articles shall be recorded, and upon recording be returned to the co-operation. The ~~said~~ articles shall not be filed by the secretary of state until a filing fee of five dollars together with a recording fee of fifty cents per page is paid, and upon the payment of ~~said~~ the fees and the approval of the articles by the secretary of state, the secretary shall issue to ~~said~~ the co-operation a certificate of co-operation as a co-operation not for pecuniary profit.

Amendments to the articles ~~may~~ shall be filed and receive approval as provided ~~herein~~ in this chapter for articles, and the fee ~~therefor~~ for amendments shall be five dollars in each

instance~~,-and-no~~. An amendment ~~shall-be~~ is not effective until the ~~same~~ amendment is approved and the fee ~~therefor~~ is paid.

Sec. 2. Section 499A.3, Code 1991, is amended to read as follows:

499A.3 MEMBERS.

A co-operation ~~may~~ shall only have one ~~or-more-classes~~ class of members. The designation of ~~such~~ that class ~~or classes~~ and the ~~qualifications-and~~ rights of the members of ~~each~~ the class shall be set forth in the articles of co-operation or the bylaws. The co-operation must issue membership certificates ~~or-deeds~~ evidencing ~~membership-or~~ the ownership ~~of-a-particular~~ interest ~~therein~~ of each member of the co-operation.

Sec. 3. Section 499A.4, Code 1991, is amended to read as follows:

499A.4 DIVIDENDS.

~~No~~ A dividend or distribution of property among the ~~stockholders~~ members shall not be made until dissolution of the co-operation.

Sec. 4. Section 499A.7, Code 1991, is amended to read as follows:

499A.7 REORGANIZING PRIOR TO EXPIRATION OF TERM.

The ~~trustees,~~ directors~~,~~ or members of any co-operation organized under this chapter may reorganize the ~~same~~ co-operation, and all the property and rights ~~thereof~~ of the co-operation shall vest in the co-operation as reorganized.

Sec. 5. Section 499A.11, Code 1991, is amended to read as follows:

499A.11 CERTIFICATE OF OWNERSHIP.

The ~~co-operative-association-shall-have~~ co-operation has the right to purchase real estate for the purpose of erecting, owning, and operating apartment houses or apartment buildings ~~and-the-members-shall-be-the-owners-thereof~~. The interest of each individual member in the co-operation shall be evidenced

1 by the issuance of a certificate of ~~ownership-or-deed-to-a~~
2 ~~particular-apartment-or-room-therein.--Such~~ membership. The
3 certificate of membership is coupled with a possessory
4 interest in the real and personal property of the co-
5 operation, entitling each member to a proprietary lease with
6 the co-operation under which each member has an exclusive
7 possessory interest in an apartment unit and a possessory
8 interest in common with all other members in that portion of
9 the co-operation's real and personal property not constituting
10 apartment units, and which creates a legal relationship of
11 landlord and tenant between the co-operation and member. The
12 certificate of ~~ownership-or-deed~~ membership shall be executed
13 by the president of the co-operation and attested by its
14 secretary in the name and in the behalf of the co-operation.
15 Sec. 6. Section 499A.14, Code 1991, is amended to read as
16 follows:
17 499A.14 TAXATION.
18 The real estate shall be taxed in the name of the co-
19 operation, and each ~~person-owning-an-apartment-or-room~~ member
20 of the co-operation shall pay that ~~person's~~ member's
21 proportionate share of ~~such~~ the tax in accordance with the
22 proration formula set forth in the bylaws, and each ~~person~~
23 ~~owning~~ member occupying an apartment as a residence ~~and-under~~
24 ~~the-qualifications-of-the-laws-of-the-state-of-Iowa-as-such~~
25 shall receive that ~~person's~~ member's proportionate homestead
26 tax credit and each veteran of the military services of the
27 United States identified as such under the laws of the state
28 of Iowa or the United States shall receive as a credit that
29 ~~person's~~ member's veterans tax benefit as prescribed by the
30 laws of the state of Iowa.
31 Sec. 7. NEW SECTION. 499A.17A BYLAWS.
32 The initial bylaws of the co-operation shall be adopted by
33 the co-operation's board of directors. Prior to the admission
34 of members to the co-operation, the power to alter, amend, or
35 repeal the bylaws or adopt new bylaws is vested in the board

1 of directors. Following the admission of members to the co-
2 operation, the power to alter, amend, or repeal the bylaws or
3 adopt new bylaws is vested in the members in accordance with
4 the method set forth in the bylaws.
5 The bylaws may contain any provisions for the regulation
6 and management of the affairs of the co-operation not
7 inconsistent with law or the articles of co-operation.
8 However, the bylaws must provide for:
9 1. The number of members of the board of directors and the
10 term of the members.
11 2. The election of a president, vice president, treasurer,
12 and secretary by the board of directors.
13 3. The qualifications, powers and duties, terms of office,
14 and manner of electing and removing board members and officers
15 and filling vacancies of such members.
16 4. The method of amending the bylaws.
17 Sec. 8. NEW SECTION. 499A.17B MEETINGS OF MEMBERS.
18 Meetings of members may be held at such places as may be
19 provided in the articles of co-operation or the bylaws, or as
20 may be fixed from time to time in accordance with the
21 provisions of the articles or the bylaws. In the absence of
22 any such provision, all meetings shall be held at the
23 registered office of the co-operation.
24 An annual meeting of the members shall be held at such time
25 as may be provided in the articles of co-operation or the
26 bylaws. Failure to hold the annual meeting at the designated
27 time shall not work a forfeiture or dissolution of the co-
28 operation.
29 Special meetings of the members may be called by the
30 president or by the board of directors. Special meetings of
31 the members may also be called by such officers or persons, or
32 by a number or proportion of members as may be provided in the
33 articles of co-operation or the bylaws. In the absence of a
34 provision fixing the number or proportion of members entitled
35 to call a meeting, a special meeting of members may be called

1 by members having one-twentieth of the votes entitled to be
2 cast at the meeting.
3 Sec. 9. NEW SECTION. 499A.17C NOTICE OF MEMBERS
4 MEETINGS.
5 Unless the articles of co-operation or the bylaws otherwise
6 provide, written notice stating the place, day, and hour of
7 the meeting and, in the case of a special meeting, the purpose
8 or purposes for which the meeting is called, shall be
9 delivered no less than ten nor more than fifty days before the
10 date of the meeting, either personally or by mail, by or at
11 the direction of the president, the secretary, or the officer
12 or persons calling the meeting, to each member entitled to
13 vote at the meeting. If mailed, notice is deemed to be
14 delivered when deposited in the United States mail addressed
15 to the member at the member's address as it appears on the
16 records of the co-operation, with postage prepaid.
17 Sec. 10. NEW SECTION. 499A.17D VOTING.
18 Each member is entitled to one vote on each matter
19 submitted to a vote of the members. A membership interest in
20 the co-operation jointly owned by two or more persons is
21 nevertheless entitled to one vote.
22 A member entitled to vote may vote in person or by proxy in
23 the manner prescribed in the bylaws.
24 Sec. 11. NEW SECTION. 499A.17E UPKEEP OF THE CO-
25 OPERATION.
26 It is the duty of the co-operation to maintain generally
27 all portions of the co-operation's real property other than
28 the apartment units. The maintenance, repair, and replacement
29 costs of the co-operation's real property shall be contributed
30 to by each of the members in accordance with the proration
31 formula set forth in the bylaws. Each member is responsible
32 for maintenance and repair of the person's apartment unit in
33 the manner provided for in the bylaws and as prescribed by
34 each member's proprietary lease.
35 Sec. 12. NEW SECTION. 499A.17F LIEN FOR ASSESSMENTS.

1 1. The co-operation has a lien on a member's interest in
2 the co-operation for all operating charges or other
3 assessments payable by the member pursuant to the member's
4 proprietary lease from the time the operating charge or other
5 assessment becomes due. If carrying charges and assessments
6 are payable in installments, the full amount of the charge or
7 assessment is a lien from the first time the first installment
8 becomes due. Upon nonpayment of a carrying charge or
9 assessment, the member may be evicted from the member's
10 apartment unit in the same manner as provided by law in the
11 case of an unlawful holdover by a tenant and the lien may be
12 foreclosed by judicial sale in like manner as a mortgage on
13 real estate, or may be foreclosed by the power of sale
14 provided in this section.
15 A lien under this section is prior to all other liens and
16 encumbrances on a member's co-operative interest except liens
17 and encumbrances on the co-operation's real property which the
18 co-operation creates, assumes, or takes subject to, and liens
19 for real estate taxes and other governmental assessments or
20 charges against the co-operation or the member's co-operative
21 interest.
22 2. The co-operation, upon a member's nonpayment of
23 carrying charges and assessments and the co-operation's
24 compliance with this section, may sell the defaulting member's
25 co-operative interest. Sale may be at a public sale or by
26 private negotiation, and at any time and place, but every
27 aspect of the sale, including the method, advertising, time,
28 place, and terms must be reasonable. The co-operation shall
29 give to the member and any sublessees of the member reasonable
30 written notice of the time and place of a public sale or, if a
31 private sale is intended, of the intention of entering into a
32 contract to sell and of the time after which a private
33 disposition may be made. The same notice shall also be sent
34 to any other person who has a recorded interest in the
35 defaulting members co-operative interest which would be

1 extinguished by the sale. The notices required by this
2 paragraph may be sent to any address reasonable under the
3 circumstances. Sale may not be held until five weeks after
4 the sending of the notice. The co-operation may buy at a
5 public sale, and, if the sale is conducted by a fiduciary or
6 other person not related to the co-operation, at a private
7 sale.
8 3. The proceeds of a sale under the preceding paragraph
9 shall be applied in the following order:
10 a. The reasonable expenses of sale.
11 b. The reasonable expenses of securing possession before
12 sale, and the reasonable expenses of holding, maintaining, and
13 preparing the co-operative interest for sale. These expenses
14 include, but are not limited to the payment of taxes and other
15 governmental charges, premiums on liability insurance, and to
16 the extent provided for by agreement between the co-operation
17 and the member, reasonable attorneys' fees and other legal
18 expenses incurred by the co-operation.
19 c. Satisfaction of the co-operation's lien.
20 d. Satisfaction in the order of priority of any
21 subordinate claim of record.
22 e. Remittance of any excess to the member.
23 Unless otherwise agreed, the member is liable for any
24 deficiency.
25 4. If a co-operative interest is sold pursuant to this
26 section, a good faith purchaser for value acquires the
27 member's interest in the co-operation free of the debt that
28 gave rise to the lien under which the sale occurred, and free
29 of any subordinate interest.
30 5. At any time before the co-operation has disposed of the
31 co-operative interest or entered into a contract for its
32 disposition under the power of sale, the member or the holder
33 of any subordinate security interest may cure the member's
34 default and prevent sale or other disposition by tendering the
35 performance due, including any amounts due arising from the

exercise of the rights under this section, plus the reasonable expenses of proceeding to foreclosure incurred to the time of tender, including reasonable attorneys' fees of the creditor.

6. The property of a member other than the member's membership interest in the co-operation is not subject to claims of the co-operation's creditors, whether or not the member's membership interest is subject to those claims.

Sec. 13. Section 499A.18, Code 1991, is amended to read as follows:

499A.18 HOMESTEAD.

~~The ownership of an~~ Each individual apartment ~~shall constitute~~ constitutes a homestead and ~~be~~ is exempt from execution, provided the ~~owner~~ member otherwise qualifies within the laws of the state of Iowa for such exemption.

Sec. 14. Section 499A.19, Code 1991, is amended to read as follows:

499A.19 ELECTION OF DIRECTORS.

The directors ~~authorized under this chapter~~ shall be elected by the members of the co-operation. ~~If one member owns more than one apartment that member may nevertheless have but one vote at such election. If any apartment or room is owned by more than one member they may, nevertheless, have but one vote at such election.~~ The election of officers shall be made by the board of directors. ~~The officers and board of directors may hire a custodian or janitor for reasonable compensation to generally serve and oversee the apartment building.~~ The annual election of the directors shall be held during the month of January of each year, and they shall serve until their successors are elected and qualified.

The board of directors shall elect as officers, a president ~~and~~, a vice president, a secretary, and a treasurer.

It ~~shall be~~ is the duty of the secretary to keep the records of the co-operation, and a correct list of the ~~owners and lessees of each apartment~~ members, and all such records shall be submitted to any ~~apartment or room owner~~ member upon

1 demand at any reasonable time.
2 Sec. 15. A co-operation organized pursuant to this chapter
3 must conform to the provisions of this Act no later than six
4 months after the effective date.
5 Sec. 16. Sections 499A.5, 499A.6, 499A.12, 499A.13,
6 499A.15, 499A.16, 499A.17, and 499A.21 are repealed.
7 Sec. 17. This Act applies to any co-operation organized
8 pursuant to chapter 499A on or after December 1, 1990.
9 EXPLANATION
10 This bill amends chapter 499A relating to the ownership of
11 residential, business property on a co-operative basis.
12 References to stockholders are deleted and replaced with a
13 reference to members of the co-operation. A co-operation
14 formed under this chapter would only be allowed one class of
15 members. The bill defines the rights, including property
16 rights, of each member of the co-operation, and provides that
17 membership in the co-operation is coupled with a possessory
18 interest in the real and personal property of the co-
19 operation. The bill provides for the adoption, amendment, or
20 repeal of the bylaws, an annual meeting of the members, and
21 additional meetings, if necessary. Each member is entitled to
22 one vote, except that a membership interest jointly owned by
23 two or more persons is only entitled to one vote.
24 The bill establishes a duty on the co-operation to maintain
25 generally all portions of the co-operation's real property
26 other than apartment units. The co-operation is granted a
27 lien on a member's interest for all operating charges or other
28 assessments and provides remedies to the co-operation as a
29 result of the nonpayment of such charges or assessments,
30 including the eviction of the member and the sale of the
31 member's interest.
32
33
34
35

SENATE FILE 477

AN ACT

RELATING TO COOPERATIVE OWNERSHIP OF RESIDENTIAL, BUSINESS PROPERTY, PROVIDING AN APPLICABILITY DATE, AND PROVIDING AN EFFECTIVE DATE.

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

Section 1. Section 499A.1, Code 1991, is amended to read as follows:

499A.1 ARTICLES.

Any two or more persons of full age, a majority of whom ~~shall be~~ are citizens of the state, may organize themselves for the following or similar purposes: Ownership of residential, business property on a ~~co-operative~~ cooperative basis. A corporation is a person within the meaning of this chapter. The organizers shall adopt, and sign and acknowledge the articles of ~~co-operation~~ incorporation, stating the name by which the ~~co-operation~~ cooperative shall be known, the location of its principal place of business, its business or objects, the number of ~~trustees,~~ directors~~,managers or other officers~~ to conduct the ~~same~~ cooperative's business or objects, the names ~~thereof~~ of the directors for the first year, the time of ~~its~~ the cooperative's annual meeting, ~~and~~ the time of the annual meeting of its ~~trustees, or~~ directors, and the manner in which the articles may be amended. ~~Said~~ The articles of ~~co-operation~~ incorporation shall be filed with the secretary of state who shall, if the secretary approves the ~~same indorse~~ articles, endorse, the secretary of state's approval ~~thereon~~ on the articles, record the ~~same~~ articles, and ~~thereafter~~ forward the ~~same~~ articles to the county recorder of the county where the principal place of business is to be located, and ~~there it~~ the articles shall be recorded,

and upon recording be returned to the ~~co-operation~~ cooperative. ~~The said~~ articles shall not be filed by the secretary of state until a filing fee of five dollars together with a recording fee of fifty cents per page is paid, and upon the payment of ~~said~~ the fees and the approval of the articles by the secretary of state, the secretary shall issue to ~~said co-operation~~ the cooperative a certificate of ~~co-operation~~ incorporation as a ~~co-operation~~ cooperative not for pecuniary profit.

Amendments to the articles ~~may~~ shall be filed and receive approval as provided ~~herein~~ in this chapter for articles, and the ~~fee therefor~~ for amendments shall be ~~five~~ dollars in each instance~~, and no~~. An amendment ~~shall be~~ is not effective until the ~~same~~ amendment is approved and the fee ~~therefor~~ is paid.

Sec. 2. Section 499A.3, Code 1991, is amended to read as follows:

499A.3 MEMBERS.

A ~~co-operation may~~ cooperative shall have only one ~~or more classes~~ class of members. The designation of ~~such~~ that class ~~or classes~~ and the ~~qualifications and~~ rights of the members of each the class shall be set forth in the articles of ~~co-operation~~ incorporation or the bylaws. The ~~co-operation~~ cooperative must issue membership certificates ~~or deeds~~ evidencing ~~membership or~~ the ownership ~~of a particular~~ interest ~~therein~~ of each member of the cooperative.

Sec. 3. Section 499A.4, Code 1991, is amended to read as follows:

499A.4 DIVIDENDS.

~~No~~ A dividend or distribution of property among the ~~stockholders~~ members shall not be made until dissolution of the ~~co-operation~~ cooperative.

Sec. 4. Section 499A.7, Code 1991, is amended to read as follows:

499A.7 REORGANIZING PRIOR TO EXPIRATION OF TERM.

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The ~~trustees,~~ directors, or members of any ~~co-operation~~ cooperative organized under this chapter may reorganize the same cooperative, and all the property and rights ~~thereof~~ of the cooperative shall vest in the ~~co-operation~~ cooperative as reorganized.

Sec. 5. Section 499A.11, Code 1991, is amended to read as follows:

499A.11 CERTIFICATE OF OWNERSHIP.

The ~~co-operative-association-shall-have~~ cooperative has the right to purchase real estate for the purpose of erecting, owning, and operating apartment houses or apartment buildings ~~and-the-members-shall-be-the-owners-thereof~~. The interest of each individual member in the cooperative shall be evidenced by the issuance of a certificate of ~~ownership-or-deed-to-a particular-apartment-or-room-therein.--Such~~ membership. The certificate of membership is coupled with a possessory interest in the real and personal property of the cooperative, entitling each member to a proprietary lease with the cooperative under which each member has an exclusive possessory interest in an apartment unit and a possessory interest in common with all other members in that portion of the cooperative's real and personal property not constituting apartment units, and which creates a legal relationship of landlord and tenant between the cooperative and member. The certificate of ~~ownership-or-deed~~ membership shall be executed by the president of the ~~co-operation~~ cooperative and attested by its secretary in the name and in the behalf of the ~~co-operation~~ cooperative.

Sec. 6. Section 499A.14, Code 1991, is amended to read as follows:

499A.14 TAXATION.

The real estate shall be taxed in the name of the ~~co-operation~~ cooperative, and each ~~person-owning-an-apartment-or room~~ member of the cooperative shall pay that ~~person's~~

member's proportionate share of ~~such~~ the tax in accordance with the proration formula set forth in the bylaws, and each ~~person-owning~~ member occupying an apartment as a residence ~~and under-the-qualifications-of-the-laws-of-the-state-of-Iowa-as such~~ shall receive that ~~person's~~ member's proportionate homestead tax credit and each veteran of the military services of the United States identified as such under the laws of the state of Iowa or the United States shall receive as a credit that ~~person's~~ member's veterans tax benefit as prescribed by the laws of the state of Iowa.

Sec. 7. NEW SECTION. 499A.17A BYLAWS.

The initial bylaws of the cooperative shall be adopted by the cooperative's board of directors. Prior to the admission of members to the cooperative, the power to alter, amend, or repeal the bylaws or adopt new bylaws is vested in the board of directors. Following the admission of members to the cooperative, the power to alter, amend, or repeal the bylaws or adopt new bylaws is vested in the members in accordance with the method set forth in the bylaws.

The bylaws may contain any provisions for the regulation and management of the affairs of the cooperative not inconsistent with law or the articles of incorporation. However, the bylaws must provide for:

1. The number of members of the board of directors and the term of the members.

2. The election of a president, vice president, treasurer, and secretary by the board of directors.

3. The qualifications, powers and duties, terms of office, and manner of electing and removing board members and officers and filling vacancies of such members.

4. The method of amending the bylaws.

Sec. 8. NEW SECTION. 499A.17B MEETINGS OF MEMBERS.

Meetings of members may be held at such places as may be provided in the articles of incorporation or the bylaws, or as

may be fixed from time to time in accordance with the provisions of the articles or the bylaws. In the absence of any such provision, all meetings shall be held at the registered office of the cooperative.

An annual meeting of the members shall be held at such time as may be provided in the articles of incorporation or the bylaws. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the cooperative.

Special meetings of the members may be called by the president or by the board of directors. Special meetings of the members may also be called by such officers or persons, or by a number or proportion of members as may be provided in the articles of incorporation or the bylaws. In the absence of a provision fixing the number or proportion of members entitled to call a meeting, a special meeting of members may be called by members having one-twentieth of the votes entitled to be cast at the meeting.

Sec. 9. NEW SECTION. 499A.17C NOTICE OF MEMBERS MEETINGS.

Unless the articles of incorporation or the bylaws otherwise provide, written notice stating the place, day, and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered no less than ten nor more than fifty days before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each member entitled to vote at the meeting. If mailed, notice is deemed to be delivered when deposited in the United States mail addressed to the member at the member's address as it appears on the records of the cooperative, with postage prepaid.

Sec. 10. NEW SECTION. 499A.17D VOTING.

Each member is entitled to one vote on each matter submitted to a vote of the members. A membership interest in the cooperative jointly owned by two or more persons is nevertheless entitled to one vote.

A member entitled to vote may vote in person or by proxy in the manner prescribed in the bylaws.

Sec. 11. NEW SECTION. 499A.17E UPKEEP OF THE CO-OPERATIVE.

It is the duty of the cooperative to maintain generally all portions of the cooperative's real property other than the apartment units. The maintenance, repair, and replacement costs of the cooperative's real property shall be contributed to by each of the members in accordance with the proration formula set forth in the bylaws. Each member is responsible for maintenance and repair of the person's apartment unit in the manner provided for in the bylaws and as prescribed by each member's proprietary lease.

Sec. 12. NEW SECTION. 499A.17F LIEN FOR ASSESSMENTS.

1. The cooperative has a lien on a member's interest in the cooperative for all operating charges or other assessments payable by the member pursuant to the member's proprietary lease from the time the operating charge or other assessment becomes due. If carrying charges and assessments are payable in installments, the full amount of the charge or assessment is a lien from the first time the first installment becomes due. Upon nonpayment of a carrying charge or assessment, the member may be evicted from the member's apartment unit in the same manner as provided by law in the case of an unlawful holdover by a tenant and the lien may be foreclosed by judicial sale in like manner as a mortgage on real estate, or may be foreclosed by the power of sale provided in this section.

A lien under this section is prior to all other liens and encumbrances on a member's cooperative interest except liens

and encumbrances on the cooperative's real property which the cooperative creates, assumes, or takes subject to, and liens for real estate taxes and other governmental assessments or charges against the cooperative or the member's cooperative interest.

2. The cooperative, upon a member's nonpayment of carrying charges and assessments and the cooperative's compliance with this section, may sell the defaulting member's cooperative interest. Sale may be at a public sale or by private negotiation, and at any time and place, but every aspect of the sale, including the method, advertising, time, place, and terms must be reasonable. The cooperative shall give to the member and any sublessees of the member reasonable written notice of the time and place of a public sale or, if a private sale is intended, of the intention of entering into a contract to sell and of the time after which a private disposition may be made. The same notice shall also be sent to any other person who has a recorded interest in the defaulting member's cooperative interest which would be extinguished by the sale. The notices required by this paragraph may be sent to any address reasonable under the circumstances. Sale may not be held until five weeks after the sending of the notice. The cooperative may buy at a public sale, and, if the sale is conducted by a fiduciary or other person not related to the cooperative, at a private sale.

3. The proceeds of a sale under the preceding paragraph shall be applied in the following order:

a. The reasonable expenses of sale.

b. The reasonable expenses of securing possession before sale, and the reasonable expenses of holding, maintaining, and preparing the cooperative interest for sale. These expenses include, but are not limited to the payment of taxes and other governmental charges, premiums on liability insurance, and to the extent provided for by agreement between the cooperative

and the member, reasonable attorneys' fees and other legal expenses incurred by the cooperative.

c. Satisfaction of the cooperative's lien.

d. Satisfaction in the order of priority of any subordinate claim of record.

e. Remittance of any excess to the member.

Unless otherwise agreed, the member is liable for any deficiency.

4. If a cooperative interest is sold pursuant to this section, a good faith purchaser for value acquires the member's interest in the cooperative free of the debt that gave rise to the lien under which the sale occurred, and free of any subordinate interest.

5. At any time before the cooperative has disposed of the cooperative interest or entered into a contract for its disposition under the power of sale, the member or the holder of any subordinate security interest may cure the member's default and prevent sale or other disposition by tendering the performance due, including any amounts due arising from the exercise of the rights under this section, plus the reasonable expenses of proceeding to foreclosure incurred to the time of tender, including reasonable attorneys' fees of the creditor.

6. The property of a member other than the member's membership interest in the cooperative is not subject to claims of the cooperative's creditors, whether or not the member's membership interest is subject to those claims.

Sec. 13. Section 499A.18, Code 1991, is amended to read as follows:

499A.18 HOMESTEAD.

~~The ownership of an~~ Each individual apartment ~~shall constitute~~ constitutes a homestead and be is exempt from execution, provided the ~~owner~~ member otherwise qualifies within the laws of the state of Iowa for such exemption.

Sec. 14. Section 499A.19, Code 1991, is amended to read as follows:

499A.19 ELECTION OF DIRECTORS.

The directors ~~authorized under this chapter~~ shall be elected by the members of the ~~co-operation~~ cooperative. ~~If one member owns more than one apartment that member may nevertheless have but one vote at such election. If any apartment or room is owned by more than one member they may, nevertheless, have but one vote at such election.~~ The election of officers shall be made by the board of directors. ~~The officers and board of directors may hire a custodian or janitor for reasonable compensation to generally serve and oversee the apartment building.~~ The annual election of the directors shall be held during the month of January of each year, and they shall serve until their successors are elected and qualified.

The board of directors shall elect as officers, a president and, a vice president, a secretary, and a treasurer.

It ~~shall be~~ is the duty of the secretary to keep the records of the ~~co-operation~~ cooperative, and a correct list of the ~~owners and lessees of each apartment~~ members, and all such records shall be submitted to any ~~apartment or room owner~~ member upon demand at any reasonable time.

Sec. 15. Section 499A.20, Code 1991, is amended to read as follows:

499A.20 TITLE OF ACT.

This ~~chapter~~ subchapter shall be known and cited as "The ~~Multiple~~ Cooperative Housing Act ~~of 1947~~."

Sec. 16. The Code editor shall editorially change references to "co-operation" in chapter 499A, not amended in this Act, to "cooperative", as appropriate.

Sec. 17. Sections 499A.5, 499A.6, 499A.12, 499A.13, 499A.15, 499A.16, 499A.17, and 499A.21 are repealed.

Sec. 18. This Act applies to any cooperative organized pursuant to chapter 499A on or after December 1, 1990.

Sec. 19. This Act, being deemed of immediate importance, is effective upon enactment.

JOE J. WELSH
President of the Senate

ROBERT C. ARNOULD
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 477, Seventy-fourth General Assembly.

JOHN F. DWYER
Secretary of the Senate

Approved 4/16 1991

TERRY E. BRANSTAD
Governor

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