

**First Regular Session
Sixty-eighth General Assembly
STATE OF COLORADO**

PREAMENDED

*This Unofficial Version Includes Committee
Amendments Not Yet Adopted on Second Reading*

LLS NO. 11-0043.01 Thomas Morris

SENATE BILL 11-191

SENATE SPONSORSHIP

Bacon,

HOUSE SPONSORSHIP

(None),

Senate Committees

Judiciary
Appropriations

House Committees

A BILL FOR AN ACT

101 **CONCERNING ENACTMENT OF THE "COLORADO UNIFORM LIMITED**
102 **COOPERATIVE ASSOCIATION ACT".**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)

Colorado Commission on Uniform State Laws. The bill enacts the "Colorado Uniform Limited Cooperative Association Act" (act), with modifications. The act creates the option of a statutorily defined entity that combines traditional cooperative values with modern financing mechanisms by providing two distinct categories of members: Patron

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

members and investor members. A "cooperative" is defined as an unincorporated association (a "limited cooperative association") of individuals or businesses that unite to meet their mutual interests by creating and using a jointly owned enterprise. The act contemplates the formation of various types of limited cooperative associations, including marketing, advertising, bargaining, processing, purchasing, real estate, and worker-owned cooperatives. A limited cooperative association under the act can be organized to pursue any lawful purpose.

The act establishes:

- ! Operating definitions and an outline of the nature and powers of limited cooperative associations. The act also deals with the effect of bylaws, required record retention, service of process, and business dealings between members and the limited cooperative association;
- ! Requirements for records filed with the secretary of state and procedures for signing and filing the records;
- ! A statutory formation process for limited cooperative associations, including the required contents of articles and bylaws, and the initial organizing directors;
- ! Qualifications for membership in a limited cooperative association, the rights and powers that come with belonging to the organization, and the requirements for annual members meetings and special members meetings;
- ! Patron and investor members and creates their interests as personal property interests, consisting of governance rights, financial rights, and the possible right or obligation to do business with the association;
- ! Authorization of marketing contracts between the limited cooperative association and third parties;
- ! The directors of the limited cooperative association, their qualifications, and their authority and powers;
- ! Designation of the governing law for indemnification of individuals who incur liability on behalf of the association and a grant of authority to the association to purchase insurance on these parties' behalf;
- ! Unless otherwise provided by the association's bylaws, a statutory recognition that member contributions to a limited cooperative association may consist of tangible or intangible personal property or any other benefit to the association, including money, labor, services, promissory notes, agreements to contribute, and contracts to be performed;
- ! The right of a member to dissociate and the consequences of dissociation, and dissolution of the limited cooperative association itself, including judicial, voluntary, and

1 DIFFERENT DEFINITION.

2 (2) "ARTICLES OF ORGANIZATION" OR "ARTICLES" MEANS THE
3 ARTICLES OF ORGANIZATION OF A LIMITED COOPERATIVE ASSOCIATION
4 REQUIRED BY SECTION 7-58-302 CONTAINING PROVISIONS REQUIRED OR
5 PERMITTED BY SECTIONS 7-58-303 AND 7-58-306. THE TERM INCLUDES
6 THE ARTICLES OF ORGANIZATION AS AMENDED OR RESTATED.

7 (3) "BOARD OF DIRECTORS" MEANS THE BOARD OF DIRECTORS OF
8 A LIMITED COOPERATIVE ASSOCIATION.

9 (4) "BYLAWS" MEANS THE BYLAWS OF A LIMITED COOPERATIVE
10 ASSOCIATION REQUIRED BY SECTION 7-58-304 CONTAINING PROVISIONS
11 REQUIRED OR PERMITTED BY SECTION 7-58-305 AND 7-58-306. THE TERM
12 INCLUDES THE BYLAWS AS AMENDED OR RESTATED.

13 (5) "CONTRIBUTION", EXCEPT AS USED IN SECTION 7-58-1008 (3),
14 MEANS A BENEFIT THAT A PERSON PROVIDES TO A LIMITED COOPERATIVE
15 ASSOCIATION TO BECOME OR REMAIN A MEMBER OR IN THE PERSON'S
16 CAPACITY AS A MEMBER.

17 (6) "COOPERATIVE" MEANS A LIMITED COOPERATIVE ASSOCIATION
18 OR AN ENTITY ORGANIZED UNDER ANY COOPERATIVE LAW OF ANY
19 JURISDICTION.

20 (7) "DIRECTOR" MEANS A DIRECTOR OF A LIMITED COOPERATIVE
21 ASSOCIATION.

22 (8) "DISTRIBUTION", EXCEPT AS USED IN SECTION 7-58-1007 (5),
23 MEANS A TRANSFER OF MONEY OR OTHER PROPERTY FROM A LIMITED
24 COOPERATIVE ASSOCIATION TO A MEMBER BECAUSE OF THE MEMBER'S
25 FINANCIAL RIGHTS OR TO A TRANSFEREE OF A MEMBER'S FINANCIAL
26 RIGHTS.

27 (9) "FINANCIAL RIGHTS" MEANS THE RIGHT TO PARTICIPATE IN

1 ALLOCATIONS AND DISTRIBUTIONS AS PROVIDED IN PARTS 10 AND 12 OF
2 THIS ARTICLE BUT DOES NOT INCLUDE RIGHTS OR OBLIGATIONS UNDER A
3 MARKETING CONTRACT GOVERNED BY PART 7 OF THIS ARTICLE.

4 (10) "GOVERNANCE RIGHTS" MEANS THE RIGHT TO PARTICIPATE IN
5 GOVERNANCE OF A LIMITED COOPERATIVE ASSOCIATION.

6 (11) "INVESTOR MEMBER" MEANS A MEMBER THAT HAS MADE A
7 CONTRIBUTION TO A LIMITED COOPERATIVE ASSOCIATION AND THAT:

8 (a) IS NOT REQUIRED BY THE ARTICLES OR BYLAWS TO CONDUCT
9 PATRONAGE WITH THE ASSOCIATION IN THE MEMBER'S CAPACITY AS AN
10 INVESTOR MEMBER IN ORDER TO RECEIVE OR RETAIN THE MEMBER'S
11 INTEREST; OR

12 (b) IS NOT PERMITTED BY THE ARTICLES OR BYLAWS TO CONDUCT
13 PATRONAGE WITH THE ASSOCIATION IN THE MEMBER'S CAPACITY AS AN
14 INVESTOR MEMBER IN ORDER TO RECEIVE OR RETAIN THE MEMBER'S
15 INTEREST.

16 (12) "LIMITED COOPERATIVE ASSOCIATION" OR "ASSOCIATION"
17 MEANS AN ASSOCIATION ORGANIZED UNDER THIS ARTICLE.

18 (13) "MEMBER" MEANS A PERSON THAT IS ADMITTED AS A PATRON
19 MEMBER OR INVESTOR MEMBER, OR BOTH, IN A LIMITED COOPERATIVE
20 ASSOCIATION. THE TERM DOES NOT INCLUDE A PERSON THAT HAS
21 DISSOCIATED AS A MEMBER.

22 (14) "MEMBER'S INTEREST" MEANS THE INTEREST OF A PATRON
23 MEMBER OR INVESTOR MEMBER WITH THE ATTRIBUTES STATED IN SECTION
24 7-58-601.

25 (15) "MEMBERS MEETING" MEANS AN ANNUAL MEMBERS MEETING
26 OR SPECIAL MEETING OF MEMBERS.

27 (16) "ORGANIZER" MEANS A PERSON WHO IS NAMED IN THE

1 ARTICLES AS AN ORGANIZER.

2 (17) "PATRONAGE" MEANS BUSINESS TRANSACTIONS BETWEEN A
3 LIMITED COOPERATIVE ASSOCIATION AND A PERSON THAT ENTITLE THE
4 PERSON TO RECEIVE FINANCIAL RIGHTS BASED ON THE VALUE OR
5 QUANTITY OF BUSINESS DONE BETWEEN THE ASSOCIATION AND THE
6 PERSON.

7 (18) "PATRON MEMBER" MEANS A MEMBER THAT HAS MADE A
8 CONTRIBUTION TO A LIMITED COOPERATIVE ASSOCIATION AND THAT:

9 (a) IS REQUIRED BY THE ARTICLES OR BYLAWS TO CONDUCT
10 PATRONAGE WITH THE ASSOCIATION IN THE MEMBER'S CAPACITY AS A
11 PATRON MEMBER IN ORDER TO RECEIVE OR RETAIN THE MEMBER'S
12 INTEREST; OR

13 (b) IS PERMITTED BY THE ARTICLES OR BYLAWS TO CONDUCT
14 PATRONAGE WITH THE ASSOCIATION IN THE MEMBER'S CAPACITY AS A
15 PATRON MEMBER IN ORDER TO RECEIVE OR RETAIN THE MEMBER'S
16 INTEREST.

17 (19) "PROPER COURT" MEANS THE DISTRICT COURT FOR THE
18 COUNTY IN THIS STATE IN WHICH THE STREET ADDRESS OF THE LIMITED
19 COOPERATIVE ASSOCIATION'S PRINCIPAL OFFICE IS LOCATED OR, IF THE
20 ASSOCIATION HAS NO PRINCIPAL OFFICE IN THIS STATE, THE DISTRICT
21 COURT FOR THE COUNTY IN WHICH THE STREET ADDRESS OF ITS
22 REGISTERED AGENT IS LOCATED, OR, IF THE ASSOCIATION HAS NO
23 REGISTERED AGENT, THE DISTRICT COURT FOR THE CITY AND COUNTY OF
24 DENVER.

25 (20) "RECORD", USED AS A NOUN, MEANS INFORMATION THAT IS
26 INSCRIBED ON A TANGIBLE MEDIUM OR THAT IS STORED IN AN ELECTRONIC
27 OR OTHER MEDIUM AND IS RETRIEVABLE IN PERCEIVABLE FORM.

1 (21) "REQUIRED INFORMATION" MEANS THE INFORMATION A
2 LIMITED COOPERATIVE ASSOCIATION IS REQUIRED TO MAINTAIN UNDER
3 SECTION 7-58-112.

4 (22) "SIGN" MEANS, WITH PRESENT INTENT, TO AUTHENTICATE OR
5 ADOPT A RECORD BY:

6 (a) EXECUTING OR ADOPTING A TANGIBLE SYMBOL; OR

7 (b) ATTACHING TO OR LOGICALLY ASSOCIATING WITH THE RECORD
8 AN ELECTRONIC SYMBOL, SOUND, OR PROCESS.

9 (23) "TRANSFER" INCLUDES AN ASSIGNMENT, CONVEYANCE, DEED,
10 BILL OF SALE, LEASE, MORTGAGE, SECURITY INTEREST, ENCUMBRANCE,
11 GIFT, AND TRANSFER BY OPERATION OF LAW.

12 (24) "VOTING GROUP" MEANS ANY COMBINATION OF ONE OR MORE
13 VOTING MEMBERS IN ONE OR MORE DISTRICTS OR CLASSES THAT, UNDER
14 THIS ARTICLE OR THE ARTICLES OR BYLAWS, ARE ENTITLED TO VOTE AND
15 CAN BE COUNTED TOGETHER COLLECTIVELY ON A MATTER AT A MEMBERS
16 MEETING.

17 (25) "VOTING MEMBER" MEANS A MEMBER THAT, UNDER THIS
18 ARTICLE OR THE ARTICLES OR BYLAWS, HAS A RIGHT TO VOTE ON MATTERS
19 SUBJECT TO VOTE BY MEMBERS UNDER THIS ARTICLE OR THE ARTICLES OR
20 BYLAWS.

21 (26) "VOTING POWER" MEANS THE TOTAL CURRENT POWER OF
22 MEMBERS TO VOTE ON A PARTICULAR MATTER FOR WHICH A VOTE MAY OR
23 IS TO BE TAKEN.

24 **7-58-103. Reservation of power to amend or repeal.** THE
25 GENERAL ASSEMBLY HAS THE POWER TO AMEND OR REPEAL ALL OR PART
26 OF THIS ARTICLE AT ANY TIME, AND ALL DOMESTIC AND FOREIGN LIMITED
27 COOPERATIVE ASSOCIATIONS SUBJECT TO THIS ARTICLE SHALL BE

1 GOVERNED BY THE AMENDMENT OR REPEAL.

2 **7-58-104. Nature of limited cooperative association.** (1) A
3 LIMITED COOPERATIVE ASSOCIATION ORGANIZED UNDER THIS ARTICLE IS
4 AN AUTONOMOUS, UNINCORPORATED ASSOCIATION OF PERSONS UNITED TO
5 MEET THEIR MUTUAL INTERESTS THROUGH A JOINTLY OWNED ENTERPRISE
6 PRIMARILY CONTROLLED BY THOSE PERSONS, THE PATRONAGE OF WHICH
7 IS CARRIED ON FOR THE MUTUAL BENEFIT OF THE PATRON MEMBERS AND
8 THAT PERMITS COMBINING:

9 (a) OWNERSHIP, FINANCING, AND RECEIPT OF BENEFITS BY THE
10 PATRON MEMBERS FOR WHOSE PATRONAGE THE ASSOCIATION IS FORMED;
11 AND

12 (b) SEPARATE INVESTMENTS IN THE ASSOCIATION BY INVESTOR
13 MEMBERS WHO INVEST IN THE LIMITED COOPERATIVE ASSOCIATION AND
14 MAY RECEIVE RETURNS ON THEIR INVESTMENTS AND A SHARE OF
15 CONTROL.

16 (2) THE FACT THAT A LIMITED COOPERATIVE ASSOCIATION DOES
17 NOT HAVE MORE THAN ONE OF THE CHARACTERISTICS DESCRIBED IN
18 PARAGRAPH (a) OF SUBSECTION (1) OF THIS SECTION OR ANY OF THE
19 CHARACTERISTICS DESCRIBED IN PARAGRAPH (b) OF SUBSECTION (1) OF
20 THIS SECTION DOES NOT ALONE PREVENT THE ASSOCIATION FROM BEING
21 FORMED UNDER AND GOVERNED BY THIS ARTICLE, NOR DOES IT ALONE
22 PROVIDE A BASIS FOR AN ACTION AGAINST THE ASSOCIATION OR A
23 MEMBER.

24 (3) THE RELATIONS BETWEEN A LIMITED COOPERATIVE
25 ASSOCIATION AND ITS MEMBERS ARE CONSENSUAL AND CONTRACTUAL.
26 UNLESS REQUIRED, LIMITED, OR PROHIBITED BY THIS ARTICLE OR OTHER
27 APPLICABLE LAW, THE ARTICLES AND BYLAWS OF AN ASSOCIATION MAY

1 PROVIDE FOR ANY MATTER CONCERNING THE RELATIONS AMONG THE
2 MEMBERS OF THE ASSOCIATION AND BETWEEN THE MEMBERS AND THE
3 ASSOCIATION, THE ACTIVITIES OF THE ASSOCIATION, AND THE CONDUCT OF
4 ITS ACTIVITIES.

5 **7-58-105. Purpose of limited cooperative association.** (1) A
6 LIMITED COOPERATIVE ASSOCIATION IS AN ENTITY DISTINCT FROM ITS
7 MEMBERS.

8 (2) A LIMITED COOPERATIVE ASSOCIATION MAY BE ORGANIZED FOR
9 ANY LAWFUL PURPOSE, WHETHER OR NOT FOR PROFIT.

10 **7-58-106. Powers.** (1) UNLESS OTHERWISE PROVIDED IN THE
11 ARTICLES, EVERY LIMITED COOPERATIVE ASSOCIATION HAS PERPETUAL
12 DURATION AND SUCCESSION IN ITS DOMESTIC ENTITY NAME AND HAS THE
13 POWERS TO DO ALL THINGS NECESSARY OR CONVENIENT TO CARRY OUT ITS
14 BUSINESS AND AFFAIRS, INCLUDING WITHOUT LIMITATION:

15 (a) TO SUE AND BE SUED, COMPLAIN, AND DEFEND IN ITS ENTITY
16 NAME, AND TO MAINTAIN AN ACTION AGAINST A MEMBER FOR HARM
17 CAUSED TO THE ASSOCIATION BY THE MEMBER'S VIOLATION OF A DUTY TO
18 THE ASSOCIATION OR OF THIS ARTICLE OR THE ARTICLES OR BYLAWS;

19 (b) TO HAVE A SEAL, WHICH MAY BE ALTERED AT WILL, AND TO
20 USE THE SEAL, OR A FACSIMILE THEREOF, INCLUDING A RUBBER STAMP, BY
21 IMPRESSING OR AFFIXING IT OR BY REPRODUCING IT IN ANY OTHER
22 MANNER;

23 (c) TO AMEND ITS ARTICLES AND MAKE AND AMEND BYLAWS;

24 (d) TO PURCHASE, RECEIVE, LEASE, AND OTHERWISE ACQUIRE, AND
25 TO OWN, HOLD, IMPROVE, USE, AND OTHERWISE DEAL WITH, REAL OR
26 PERSONAL PROPERTY OR ANY LEGAL OR EQUITABLE INTEREST IN
27 PROPERTY, WHEREVER LOCATED;

1 (e) TO SELL, CONVEY, MORTGAGE, PLEDGE, LEASE, EXCHANGE,
2 AND OTHERWISE DISPOSE OF ALL OR ANY PART OF ITS PROPERTY;

3 (f) TO PURCHASE, RECEIVE, SUBSCRIBE FOR, AND OTHERWISE
4 ACQUIRE SHARES AND OTHER INTERESTS IN, AND OBLIGATIONS OF, ANY
5 OTHER ENTITY; AND TO OWN, HOLD, VOTE, USE, SELL, MORTGAGE, LEND,
6 PLEDGE, AND OTHERWISE DISPOSE OF, AND DEAL IN AND WITH, THE SAME;

7 (g) TO MAKE CONTRACTS AND GUARANTEES; INCUR LIABILITIES;
8 BORROW MONEY; ISSUE NOTES, BONDS, AND OTHER OBLIGATIONS, WHICH
9 MAY BE CONVERTIBLE INTO OR INCLUDE THE OPTION TO PURCHASE OTHER
10 INTERESTS OR SECURITIES OF THE ASSOCIATION; AND SECURE ANY OF ITS
11 OBLIGATIONS BY MORTGAGE OR PLEDGE OF ANY OF ITS PROPERTY,
12 FRANCHISES, OR INCOME;

13 (h) TO LEND MONEY, INVEST AND REINVEST ITS FUNDS, AND
14 RECEIVE AND HOLD REAL AND PERSONAL PROPERTY AS SECURITY FOR
15 REPAYMENT;

16 (i) TO BE AN AGENT, AN ASSOCIATE, A FIDUCIARY, A MANAGER, A
17 MEMBER, A PARTNER, AN EQUITY OWNER, A PROMOTER, OR A TRUSTEE OF,
18 OR TO HOLD ANY SIMILAR POSITION WITH, ANY ENTITY;

19 (j) TO CONDUCT ITS BUSINESS AND ACTIVITIES, LOCATE OFFICES,
20 AND EXERCISE THE POWERS GRANTED BY THIS ARTICLE WITHIN OR
21 WITHOUT THIS STATE;

22 (k) TO ELECT AND APPOINT DIRECTORS, OFFICERS, EMPLOYEES,
23 AND AGENTS OF THE ASSOCIATION, DEFINE THEIR DUTIES, FIX THEIR
24 COMPENSATION, AND LEND THEM MONEY AND CREDIT;

25 (l) TO PAY PENSIONS AND ESTABLISH PENSION PLANS, PENSION
26 TRUSTS, PROFIT-SHARING PLANS, SHARE BONUS PLANS, SHARE OPTIONS
27 AND RIGHTS PLANS, AND BENEFIT OR INCENTIVE PLANS FOR ANY OF ITS

1 CURRENT OR FORMER DIRECTORS, OFFICERS, EMPLOYEES, AND AGENTS;

2 (m) TO MAKE DONATIONS FOR THE PUBLIC WELFARE OR FOR
3 CHARITABLE, SCIENTIFIC, OR EDUCATIONAL PURPOSES;

4 (n) TO MAKE PAYMENTS OR DONATIONS AND TO DO ANY OTHER
5 ACT, NOT INCONSISTENT WITH LAW, THAT FURTHERS THE BUSINESS AND
6 AFFAIRS OF THE ASSOCIATION;

7 (o) TO ESTABLISH CONDITIONS FOR ADMISSION OF MEMBERS,
8 ADMIT MEMBERS, AND ISSUE OR TRANSFER MEMBERSHIPS;

9 (p) TO IMPOSE DUES, ASSESSMENTS, AND ADMISSION AND
10 TRANSFER FEES UPON ITS MEMBERS;

11 (q) TO IMPOSE RESTRICTIONS ON THE TRANSFER OF ITS
12 MEMBERSHIP INTERESTS OR OTHER INTERESTS IN THE ASSOCIATION;

13 (r) TO CARRY ON ITS BUSINESS AND AFFAIRS;

14 (s) TO INDEMNIFY CURRENT OR FORMER DIRECTORS, OFFICERS,
15 EMPLOYEES, FIDUCIARIES, OR AGENTS AS PROVIDED IN PART 9 OF THIS
16 ARTICLE;

17 (t) TO LIMIT THE LIABILITY OF ITS DIRECTORS AS PROVIDED IN
18 SECTION 7-58-818; AND

19 (u) TO CEASE ITS ACTIVITIES AND DISSOLVE.

20 **7-58-107. Governing law.** (1) THE LAW OF THIS STATE GOVERNS:

21 (a) THE INTERNAL AFFAIRS OF A LIMITED COOPERATIVE
22 ASSOCIATION; AND

23 (b) THE LIABILITY OF A MEMBER AS MEMBER AND A DIRECTOR AS
24 DIRECTOR FOR THE DEBTS, OBLIGATIONS, OR OTHER LIABILITIES OF A
25 LIMITED COOPERATIVE ASSOCIATION.

26 **7-58-108. Supplemental principles of law.** UNLESS DISPLACED
27 BY PARTICULAR PROVISIONS OF THIS ARTICLE, THE PRINCIPLES OF LAW AND

1 EQUITY SUPPLEMENT THIS ARTICLE.

2 **7-58-109. Requirements of other laws.** (1) THIS ARTICLE DOES
3 NOT ALTER OR AMEND ANY LAW THAT GOVERNS THE LICENSING AND
4 REGULATION OF AN INDIVIDUAL OR ENTITY IN CARRYING ON A SPECIFIC
5 BUSINESS OR PROFESSION EVEN IF THAT LAW PERMITS THE BUSINESS OR
6 PROFESSION TO BE CONDUCTED BY A LIMITED COOPERATIVE ASSOCIATION,
7 A FOREIGN COOPERATIVE, OR ITS MEMBERS.

8 (2) A LIMITED COOPERATIVE ASSOCIATION SHALL NOT CONDUCT
9 AN ACTIVITY THAT, UNDER THE LAW OF THIS STATE OTHER THAN THIS
10 ARTICLE, MAY BE CONDUCTED ONLY BY AN ENTITY THAT MEETS SPECIFIC
11 REQUIREMENTS FOR THE INTERNAL AFFAIRS OF THAT ENTITY UNLESS THE
12 ARTICLES OR BYLAWS OF THE ASSOCIATION CONFORM TO THOSE
13 REQUIREMENTS.

14 **7-58-110. Relation to restraint of trade and antitrust law.** NO
15 LIMITED COOPERATIVE ASSOCIATION FORMED UNDER OR SUBJECT TO THIS
16 ARTICLE SHALL, SOLELY BY ITS ORGANIZATION AND EXISTENCE, BE
17 DEEMED TO BE A CONSPIRACY OR A COMBINATION IN RESTRAINT OF TRADE,
18 AN ILLEGAL MONOPOLY, OR AN ATTEMPT TO LESSEN COMPETITION OR TO
19 FIX PRICES ARBITRARILY, NOR SHALL THE MARKETING OR PURCHASING
20 CONTRACTS AND AGREEMENTS AUTHORIZED IN THIS ARTICLE BE
21 CONSIDERED ILLEGAL AS SUCH, IN UNLAWFUL RESTRAINT OF TRADE, OR AS
22 PART OF A CONSPIRACY OR COMBINATION TO ACCOMPLISH AN IMPROPER
23 OR ILLEGAL PURPOSE.

24 **7-58-111. Name.** (1) USE OF THE TERM "COOPERATIVE" OR ITS
25 ABBREVIATION UNDER THIS ARTICLE OR SECTION 7-90-601 IS NOT A
26 VIOLATION OF THE PROVISIONS RESTRICTING THE USE OF THE TERM UNDER
27 SECTION 7-90-601 (7) (a).

1 (2) A LIMITED COOPERATIVE ASSOCIATION OR A MEMBER MAY
2 ENFORCE THE RESTRICTIONS ON THE USE OF THE TERM "COOPERATIVE"
3 UNDER SECTION 7-90-601 (7).

4 **7-58-112. Required information.** (1) SUBJECT TO SUBSECTION
5 (2) OF THIS SECTION, A LIMITED COOPERATIVE ASSOCIATION SHALL
6 MAINTAIN IN A RECORD AVAILABLE AT ITS PRINCIPAL OFFICE:

7 (a) A LIST CONTAINING THE NAME, LAST KNOWN STREET ADDRESS
8 AND, IF DIFFERENT, MAILING ADDRESS, AND TERM OF OFFICE OF EACH
9 DIRECTOR AND OFFICER;

10 (b) THE INITIAL ARTICLES AND ALL AMENDMENTS TO AND
11 RESTATEMENTS OF THE ARTICLES;

12 (c) THE INITIAL BYLAWS AND ALL AMENDMENTS TO AND
13 RESTATEMENTS OF THE BYLAWS;

14 (d) ALL FILED STATEMENTS OF MERGER AND STATEMENTS OF
15 CONVERSION;

16 (e) ALL ANNUAL FINANCIAL STATEMENTS OF THE ASSOCIATION FOR
17 THE THREE MOST RECENT FISCAL YEARS;

18 (f) THE MINUTES OF MEMBERS MEETINGS AND RECORDS OF ALL
19 ACTION TAKEN BY MEMBERS WITHOUT A MEETING FOR THE THREE MOST
20 RECENT YEARS;

21 (g) A LIST CONTAINING:

22 (I) THE NAME, IN ALPHABETICAL ORDER, AND LAST KNOWN STREET
23 ADDRESS AND, IF DIFFERENT, MAILING ADDRESS OF EACH PATRON MEMBER
24 AND EACH INVESTOR MEMBER; AND

25 (II) IF THE ASSOCIATION HAS DISTRICTS OR CLASSES OF MEMBERS,
26 INFORMATION FROM WHICH EACH MEMBER IN A DISTRICT OR CLASS MAY
27 BE IDENTIFIED;

1 (h) THE FEDERAL INCOME TAX RETURNS AND ANY STATE AND
2 LOCAL INCOME TAX RETURNS OF THE ASSOCIATION FOR THE THREE MOST
3 RECENT YEARS;

4 (i) ACCOUNTING RECORDS MAINTAINED BY THE ASSOCIATION IN
5 THE ORDINARY COURSE OF ITS OPERATIONS FOR THE THREE MOST RECENT
6 YEARS;

7 (j) THE MINUTES OF ALL DIRECTORS MEETINGS AND RECORDS OF
8 ALL ACTION TAKEN BY DIRECTORS WITHOUT A MEETING FOR THE THREE
9 MOST RECENT YEARS;

10 (k) THE AMOUNT OF MONEY CONTRIBUTED AND AGREED TO BE
11 CONTRIBUTED BY EACH MEMBER;

12 (l) A DESCRIPTION AND STATEMENT OF THE AGREED VALUE OF
13 CONTRIBUTIONS OTHER THAN MONEY MADE AND AGREED TO BE MADE BY
14 EACH MEMBER;

15 (m) THE TIMES AT WHICH, OR EVENTS ON THE HAPPENING OF
16 WHICH, ANY ADDITIONAL CONTRIBUTION IS TO BE MADE BY EACH MEMBER;

17 (n) FOR EACH MEMBER, A DESCRIPTION AND STATEMENT OF THE
18 MEMBER'S INTEREST OR INFORMATION FROM WHICH THE DESCRIPTION AND
19 STATEMENT CAN BE DERIVED; AND

20 (o) ALL COMMUNICATIONS CONCERNING THE ASSOCIATION MADE
21 IN A RECORD TO ALL MEMBERS, OR TO ALL MEMBERS IN A DISTRICT OR
22 CLASS, FOR THE THREE MOST RECENT YEARS.

23 (2) IF A LIMITED COOPERATIVE ASSOCIATION HAS EXISTED FOR
24 LESS THAN THE PERIOD FOR WHICH RECORDS MUST BE MAINTAINED UNDER
25 SUBSECTION (1) OF THIS SECTION, THE PERIOD FOR WHICH RECORDS MUST
26 BE KEPT IS THE PERIOD OF THE ASSOCIATION'S EXISTENCE.

27 (3) THE ARTICLES OR BYLAWS MAY REQUIRE THAT MORE

1 INFORMATION BE MAINTAINED.

2 **7-58-113. Business transactions of member with limited**
3 **cooperative association.** SUBJECT TO SECTIONS 7-58-818 AND 7-58-819
4 AND EXCEPT AS OTHERWISE PROVIDED IN THE ARTICLES OR BYLAWS OR A
5 SPECIFIC CONTRACT RELATING TO A TRANSACTION, A MEMBER MAY LEND
6 MONEY TO AND TRANSACT OTHER BUSINESS WITH A LIMITED COOPERATIVE
7 ASSOCIATION IN THE SAME MANNER AS A PERSON THAT IS NOT A MEMBER.

8 **7-58-114. Dual capacity.** A PERSON MAY HAVE A PATRON
9 MEMBER'S INTEREST AND AN INVESTOR MEMBER'S INTEREST. WHEN SUCH
10 PERSON ACTS AS A PATRON MEMBER, THE PERSON IS SUBJECT TO THIS
11 ARTICLE AND THE ARTICLES AND BYLAWS GOVERNING PATRON MEMBERS.
12 WHEN SUCH PERSON ACTS AS AN INVESTOR MEMBER, THE PERSON IS
13 SUBJECT TO THIS ARTICLE AND THE ARTICLES AND BYLAWS GOVERNING
14 INVESTOR MEMBERS.

15 PART 2

16 REGISTERED AGENTS, FILING, ANNUAL REPORTS,
17 AND STATEMENT OF FOREIGN ENTITY AUTHORITY

18 **7-58-201. Limited cooperative associations - registered agents**
19 **- service of process - annual reports.** (1) PART 7 OF ARTICLE 90 OF THIS
20 TITLE, PROVIDING FOR REGISTERED AGENTS AND SERVICE OF PROCESS,
21 APPLIES TO LIMITED COOPERATIVE ASSOCIATIONS FORMED UNDER THIS
22 ARTICLE.

23 (2) PART 5 OF ARTICLE 90 OF THIS TITLE, PROVIDING FOR PERIODIC
24 REPORTS, APPLIES TO LIMITED COOPERATIVE ASSOCIATIONS FORMED
25 UNDER THIS ARTICLE.

26 **7-58-202. Foreign entity authority.** PART 8 OF ARTICLE 90 OF
27 THIS TITLE, PROVIDING FOR THE TRANSACTION OF BUSINESS OR THE

1 CONDUCT OF ACTIVITIES BY FOREIGN ENTITIES, APPLIES TO FOREIGN
2 LIMITED COOPERATIVE ASSOCIATIONS FORMED UNDER SUBSTANTIALLY
3 SIMILAR LAWS OF ANOTHER JURISDICTION.

4 PART 3
5 FORMATION AND INITIAL ARTICLES OF
6 LIMITED COOPERATIVE ASSOCIATION - BYLAWS

7 **7-58-301. Organizers.** A LIMITED COOPERATIVE ASSOCIATION
8 MUST BE ORGANIZED BY ONE OR MORE ORGANIZERS.

9 **7-58-302. Formation of limited cooperative association.**

10 (1) TO FORM A LIMITED COOPERATIVE ASSOCIATION, ONE OR MORE
11 ORGANIZERS OF THE ASSOCIATION SHALL DELIVER OR CAUSE TO BE
12 DELIVERED ARTICLES TO THE SECRETARY OF STATE FOR FILING.

13 (2) A LIMITED COOPERATIVE ASSOCIATION IS FORMED AFTER
14 ARTICLES THAT SUBSTANTIALLY COMPLY WITH SECTION 7-58-303 (1)
15 BECOME EFFECTIVE UNDER SECTION 7-90-304.

16 (3) IF ARTICLES FILED BY THE SECRETARY OF STATE STATE A
17 DELAYED EFFECTIVE DATE, A LIMITED COOPERATIVE ASSOCIATION IS NOT
18 FORMED IF, BEFORE THE ARTICLES TAKE EFFECT, A STATEMENT OF
19 CORRECTION IS FILED PURSUANT TO SECTION 7-90-304 (3) THAT REVOKES
20 THE ARTICLES.

21 **7-58-303. Articles.** (1) THE ARTICLES SHALL STATE:

22 (a) THE DOMESTIC ENTITY NAME OF THE LIMITED COOPERATIVE
23 ASSOCIATION;

24 (b) THE PURPOSES FOR WHICH THE LIMITED COOPERATIVE
25 ASSOCIATION IS FORMED, WHICH MAY BE FOR ANY LAWFUL PURPOSE;

26 (c) THE REGISTERED AGENT NAME AND REGISTERED AGENT
27 ADDRESS OF THE ASSOCIATION'S INITIAL REGISTERED AGENT;

1 (d) THE STREET ADDRESS AND, IF DIFFERENT, MAILING ADDRESS OF
2 THE ASSOCIATION'S INITIAL PRINCIPAL OFFICE; AND

3 (e) THE TRUE NAME AND STREET ADDRESS AND, IF DIFFERENT,
4 MAILING ADDRESS OF EACH ORGANIZER.

5 (2) THE ARTICLES MAY CONTAIN ANY OTHER PROVISIONS IN
6 ADDITION TO THOSE REQUIRED BY SUBSECTION (1) OF THIS SECTION,
7 INCLUDING ANY MATTERS REFERRED TO IN SUBSECTION (3) OF THIS
8 SECTION, SECTION 7-58-305 (1), OR SECTION 7-58-305 (3).

9 (3) THE MATTERS REFERRED TO IN THIS SUBSECTION (3) MAY BE
10 VARIED ONLY IN THE ARTICLES. THE ARTICLES MAY:

11 (a) STATE A TERM OF DURATION, LESS THAN PERPETUAL, OF THE
12 LIMITED COOPERATIVE ASSOCIATION UNDER SECTION 7-58-106 (1);

13 (b) LIMIT OR ELIMINATE THE ACCEPTANCE OF NEW OR ADDITIONAL
14 MEMBERS BY THE INITIAL BOARD OF DIRECTORS UNDER SECTION 7-58-304
15 (2);

16 (c) VARY THE PERCENTAGE OF VOTES REQUIRED FOR MEMBERS TO
17 APPROVE AN AMENDMENT TO THE ARTICLES UNDER SECTION 7-58-405;

18 (d) VARY THE LIMITATIONS ON THE OBLIGATIONS AND LIABILITY
19 OF MEMBERS FOR ASSOCIATION OBLIGATIONS UNDER SECTION 7-58-504;

20 (e) REQUIRE A NOTICE OF AN ANNUAL MEMBERS MEETING TO
21 STATE A PURPOSE OF THE MEETING UNDER SECTION 7-58-508 (2);

22 (f) PROVIDE FOR LESS THAN UNANIMOUS CONSENT TO ACTION BY
23 MEMBERS WITHOUT A MEMBERS MEETING UNDER SECTION 7-58-516 (1)

24 (a);

25 (g) VARY THE MATTERS THE BOARD OF DIRECTORS MAY CONSIDER
26 IN MAKING A DECISION UNDER SECTION 7-58-820;

27 (h) SPECIFY CAUSES OF DISSOLUTION UNDER SECTION 7-58-1202

- 1 (1);
- 2 (i) DELEGATE AMENDMENT OF THE BYLAWS TO THE BOARD OF
- 3 DIRECTORS PURSUANT TO SECTION 7-58-405 (6);
- 4 (j) PROVIDE FOR MEMBER APPROVAL OF ASSET DISPOSITIONS
- 5 UNDER SECTION 7-58-1501;
- 6 (k) SUBJECT TO SECTION 7-58-820, PROVIDE FOR THE ELIMINATION
- 7 OR LIMITATION OF LIABILITY OF A DIRECTOR TO THE ASSOCIATION OR ITS
- 8 MEMBERS FOR MONEY DAMAGES PURSUANT TO SECTION 7-58-818; AND
- 9 (l) PROVIDE FOR PERMITTING OR REQUIRING INDEMNIFICATION
- 10 UNDER SECTION 7-58-901 (1).

11 **7-58-304. Organization of limited cooperative association.**

12 (1) AFTER A LIMITED COOPERATIVE ASSOCIATION IS FORMED:

13 (a) IF INITIAL DIRECTORS ARE NAMED IN THE ARTICLES, THE INITIAL

14 DIRECTORS SHALL HOLD AN ORGANIZATIONAL MEETING TO ADOPT INITIAL

15 BYLAWS AND CARRY ON ANY OTHER BUSINESS NECESSARY OR PROPER TO

16 COMPLETE THE ORGANIZATION OF THE ASSOCIATION; OR

17 (b) IF INITIAL DIRECTORS ARE NOT NAMED IN THE ARTICLES, THE

18 ORGANIZERS SHALL DESIGNATE THE INITIAL DIRECTORS AND CALL A

19 MEETING OF THE INITIAL DIRECTORS TO ADOPT INITIAL BYLAWS AND

20 CARRY ON ANY OTHER BUSINESS NECESSARY OR PROPER TO COMPLETE THE

21 ORGANIZATION OF THE ASSOCIATION.

22 (2) UNLESS THE ARTICLES OTHERWISE PROVIDE, THE INITIAL

23 DIRECTORS MAY CAUSE THE LIMITED COOPERATIVE ASSOCIATION TO

24 ACCEPT MEMBERS, INCLUDING THOSE NECESSARY FOR THE ASSOCIATION

25 TO BEGIN BUSINESS.

26 (3) INITIAL DIRECTORS NEED NOT BE MEMBERS.

27 (4) AN INITIAL DIRECTOR SERVES UNTIL A SUCCESSOR IS ELECTED

1 AND QUALIFIED AT A MEMBERS MEETING OR THE DIRECTOR IS REMOVED,
2 RESIGNS, IS ADJUDGED INCOMPETENT, OR DIES.

3 **7-58-305. Bylaws.** (1) BYLAWS SHALL BE IN A RECORD AND, IF
4 NOT STATED IN THE ARTICLES, SHALL INCLUDE:

5 (a) A STATEMENT OF THE CAPITAL STRUCTURE OF THE LIMITED
6 COOPERATIVE ASSOCIATION, INCLUDING:

7 (I) THE CLASSES OR OTHER TYPES OF MEMBERS' INTERESTS AND
8 RELATIVE RIGHTS, PREFERENCES, AND RESTRICTIONS GRANTED TO OR
9 IMPOSED UPON EACH CLASS OR OTHER TYPE OF MEMBER'S INTEREST; AND

10 (II) THE RIGHTS TO SHARE IN PROFITS OR DISTRIBUTIONS OF THE
11 ASSOCIATION;

12 (b) A STATEMENT OF THE METHOD FOR ADMISSION OF MEMBERS;

13 (c) A STATEMENT DESIGNATING VOTING AND OTHER GOVERNANCE
14 RIGHTS, INCLUDING WHICH MEMBERS HAVE VOTING POWER AND ANY
15 RESTRICTION ON VOTING POWER;

16 (d) A STATEMENT THAT A MEMBER'S INTEREST IS TRANSFERABLE,
17 IF IT IS TO BE TRANSFERABLE, AND A STATEMENT OF THE CONDITIONS UPON
18 WHICH IT MAY BE TRANSFERRED;

19 (e) A STATEMENT CONCERNING THE MANNER IN WHICH PROFITS
20 AND LOSSES ARE ALLOCATED AND DISTRIBUTIONS ARE MADE AMONG
21 PATRON MEMBERS AND, IF INVESTOR MEMBERS ARE AUTHORIZED, THE
22 MANNER IN WHICH PROFITS AND LOSSES ARE ALLOCATED AND HOW
23 DISTRIBUTIONS ARE MADE AMONG INVESTOR MEMBERS AND BETWEEN
24 PATRON MEMBERS AND INVESTOR MEMBERS;

25 (f) A STATEMENT CONCERNING:

26 (I) WHETHER PERSONS THAT ARE NOT MEMBERS BUT CONDUCT
27 BUSINESS WITH THE ASSOCIATION MAY BE PERMITTED TO SHARE IN

1 ALLOCATIONS OF PROFITS AND LOSSES AND RECEIVE DISTRIBUTIONS; AND

2 (II) THE MANNER IN WHICH PROFITS AND LOSSES ARE ALLOCATED
3 AND DISTRIBUTIONS ARE MADE WITH RESPECT TO THOSE PERSONS; AND

4 (g) A STATEMENT OF THE NUMBER AND TERMS OF DIRECTORS OR
5 THE METHOD BY WHICH THE NUMBER AND TERMS ARE DETERMINED.

6 (2) SUBJECT TO SUBSECTION (3) OF THIS SECTION AND THE
7 ARTICLES, BYLAWS MAY CONTAIN ANY OTHER PROVISION FOR MANAGING
8 AND REGULATING THE AFFAIRS OF THE ASSOCIATION.

9 (3) THE MATTERS REFERRED TO IN THIS SUBSECTION (3) MAY BE
10 VARIED ONLY IN THE BYLAWS, IN THE ARTICLES, OR IN THE BYLAWS AND
11 THE ARTICLES. THE BYLAWS MAY:

12 (a) REQUIRE MORE INFORMATION TO BE MAINTAINED UNDER
13 SECTION 7-58-112 OR PROVIDED TO MEMBERS UNDER SECTION 7-58-505
14 (11);

15 (b) PROVIDE RESTRICTIONS ON TRANSACTIONS BETWEEN A
16 MEMBER AND AN ASSOCIATION UNDER SECTION 7-58-113;

17 (c) PROVIDE FOR THE PERCENTAGE AND MANNER OF VOTING ON
18 AMENDMENTS TO THE ARTICLES AND BYLAWS BY DISTRICT, CLASS, OR
19 VOTING GROUP UNDER SECTION 7-58-404 (1);

20 (d) PROVIDE FOR THE PERCENTAGE VOTE REQUIRED TO AMEND THE
21 BYLAWS CONCERNING THE ADMISSION OF NEW MEMBERS UNDER SECTION
22 7-58-405 (5) (e);

23 (e) PROVIDE FOR TERMS AND CONDITIONS TO BECOME A MEMBER
24 UNDER SECTION 7-58-502;

25 (f) RESTRICT THE MANNER OF CONDUCTING MEMBERS MEETINGS
26 UNDER SECTIONS 7-58-506 (3) AND 7-58-507 (5);

27 (g) DESIGNATE THE PRESIDING OFFICER OF MEMBERS MEETINGS

- 1 UNDER SECTIONS 7-58-506 (5) AND 7-58-507 (7);
- 2 (h) REQUIRE A STATEMENT OF PURPOSES IN THE ANNUAL MEETING
3 NOTICE UNDER SECTION 7-58-508 (2);
- 4 (i) INCREASE QUORUM REQUIREMENTS FOR MEMBERS MEETINGS
5 UNDER SECTION 7-58-510 AND BOARD OF DIRECTORS MEETINGS UNDER
6 SECTION 7-58-815;
- 7 (j) ALLOCATE VOTING POWER AMONG MEMBERS, INCLUDING
8 PATRON MEMBERS AND INVESTOR MEMBERS, AND PROVIDE FOR THE
9 MANNER OF MEMBER VOTING AND ACTION AS PERMITTED BY SECTIONS
10 7-58-511 TO 7-58-517;
- 11 (k) AUTHORIZE INVESTOR MEMBERS AND EXPAND OR RESTRICT
12 THE TRANSFERABILITY OF MEMBERS' INTERESTS TO THE EXTENT PROVIDED
13 IN SECTIONS 7-58-602 TO 7-58-604;
- 14 (l) PROVIDE FOR ENFORCEMENT OF A MARKETING CONTRACT
15 UNDER SECTION 7-58-704 (1);
- 16 (m) PROVIDE FOR QUALIFICATION, ELECTION, TERMS, REMOVAL,
17 FILLING VACANCIES, AND MEMBER APPROVAL FOR COMPENSATION OF
18 DIRECTORS IN ACCORDANCE WITH SECTIONS 7-58-803 TO 7-58-805,
19 7-58-807, 7-58-809, AND 7-58-810;
- 20 (n) RESTRICT THE MANNER OF CONDUCTING BOARD MEETINGS AND
21 TAKING ACTION WITHOUT A MEETING UNDER SECTIONS 7-58-811 AND
22 7-58-812;
- 23 (o) PROVIDE FOR FREQUENCY, LOCATION, NOTICE, AND WAIVERS
24 OF NOTICE FOR BOARD MEETINGS UNDER SECTIONS 7-58-813 AND
25 7-58-814;
- 26 (p) INCREASE THE PERCENTAGE OF VOTES NECESSARY FOR BOARD
27 ACTION UNDER SECTION 7-58-816 (2);

1 (q) PROVIDE FOR THE CREATION OF COMMITTEES OF THE BOARD OF
2 DIRECTORS AND MATTERS RELATED TO THE COMMITTEES IN ACCORDANCE
3 WITH SECTION 7-58-817;

4 (r) PROVIDE FOR OFFICERS AND THEIR APPOINTMENT,
5 DESIGNATION, AND AUTHORITY UNDER SECTION 7-58-822;

6 (s) PROVIDE FOR FORMS AND VALUES OF CONTRIBUTIONS UNDER
7 SECTION 7-58-1002;

8 (t) PROVIDE FOR REMEDIES FOR FAILURE TO MAKE A
9 CONTRIBUTION UNDER SECTION 7-58-1003;

10 (u) PROVIDE FOR THE ALLOCATION OF PROFITS AND LOSSES OF THE
11 ASSOCIATION, DISTRIBUTIONS, AND THE REDEMPTION OR REPURCHASE OF
12 DISTRIBUTED PROPERTY OTHER THAN MONEY IN ACCORDANCE WITH
13 SECTIONS 7-58-1004 TO 7-58-1007;

14 (v) SPECIFY WHEN A MEMBER'S DISSOCIATION IS WRONGFUL AND
15 THE LIABILITY INCURRED BY THE DISSOCIATING MEMBER FOR DAMAGE TO
16 THE ASSOCIATION UNDER SECTION 7-58-1101 (2) AND (3);

17 (w) PROVIDE THE PERSONAL REPRESENTATIVE, OR OTHER LEGAL
18 REPRESENTATIVE OF, A DECEASED MEMBER OR A MEMBER ADJUDGED
19 INCOMPETENT WITH ADDITIONAL RIGHTS UNDER SECTION 7-58-1103;

20 (x) INCREASE THE PERCENTAGE OF VOTES REQUIRED FOR BOARD
21 OF DIRECTOR APPROVAL OF:

22 (I) A RESOLUTION TO DISSOLVE UNDER SECTION 7-58-1205;

23 (II) A PROPOSED AMENDMENT TO THE ARTICLES OR BYLAWS
24 UNDER SECTION 7-58-402 (1) (a);

25 (III) A PLAN OF CONVERSION UNDER SECTION 7-58-1603 (1);

26 (IV) A PLAN OF MERGER UNDER SECTION 7-58-1607 (1); AND

27 (V) A PROPOSED DISPOSITION OF ASSETS UNDER SECTION

1 7-58-1503 (1); AND

2 (y) VARY THE PERCENTAGE OF VOTES REQUIRED FOR MEMBERS'
3 APPROVAL OF:

4 (I) A RESOLUTION TO DISSOLVE UNDER SECTION 7-58-1205;

5 (II) AN AMENDMENT TO THE BYLAWS UNDER SECTION 7-58-405;

6 (III) A PLAN OF CONVERSION UNDER SECTION 7-58-1603;

7 (IV) A PLAN OF MERGER UNDER SECTION 7-58-1608; AND

8 (V) A DISPOSITION OF ASSETS UNDER SECTION 7-58-1504.

9 (4) IN ADDITION TO AMENDMENTS PERMITTED UNDER PART 4 OF
10 THIS ARTICLE, THE INITIAL BOARD OF DIRECTORS MAY AMEND THE BYLAWS
11 BY A MAJORITY VOTE OF THE DIRECTORS AT ANY TIME BEFORE THE
12 ADMISSION OF MEMBERS.

13 **7-58-306. Required provision for members' contributions.**

14 THE ARTICLES OR THE BYLAWS SHALL ADDRESS MEMBERS' CONTRIBUTIONS
15 PURSUANT TO SECTION 7-58-1001.

16 PART 4

17 AMENDMENT OF ARTICLES AND BYLAWS OF
18 LIMITED COOPERATIVE ASSOCIATIONS

19 **7-58-401. Authority to amend articles and bylaws.** (1) A
20 LIMITED COOPERATIVE ASSOCIATION MAY AMEND ITS ARTICLES AND
21 BYLAWS UNDER THIS PART 4 FOR ANY LAWFUL PURPOSE. IN ADDITION, THE
22 INITIAL BOARD OF DIRECTORS MAY AMEND THE BYLAWS OF AN
23 ASSOCIATION UNDER SECTION 7-58-304.

24 (2) UNLESS THE ARTICLES OR BYLAWS OTHERWISE PROVIDE, A
25 MEMBER DOES NOT HAVE A VESTED PROPERTY RIGHT RESULTING FROM
26 ANY PROVISION IN THE ARTICLES OR BYLAWS, INCLUDING A PROVISION
27 RELATING TO THE MANAGEMENT, CONTROL, CAPITAL STRUCTURE,

1 DISTRIBUTION, ENTITLEMENT, PURPOSE, OR DURATION OF THE LIMITED
2 COOPERATIVE ASSOCIATION.

3 **7-58-402. Notice and action on amendment of articles and**
4 **bylaws.** (1) EXCEPT AS PROVIDED IN THIS SUBSECTION (1) AND SECTION
5 7-58-405 (6), THE ARTICLES AND BYLAWS OF A LIMITED COOPERATIVE
6 ASSOCIATION MAY BE AMENDED ONLY AT A MEMBERS MEETING. AN
7 AMENDMENT REQUIRING MEMBERSHIP APPROVAL MAY BE PROPOSED BY
8 EITHER:

9 (a) A MAJORITY OF THE BOARD OF DIRECTORS, OR A GREATER
10 PERCENTAGE IF REQUIRED BY THE ARTICLES OR BYLAWS; OR

11 (b) ONE OR MORE PETITIONS SIGNED BY AT LEAST TEN PERCENT OF
12 THE PATRON MEMBERS OR AT LEAST TEN PERCENT OF THE INVESTOR
13 MEMBERS.

14 (2) THE BOARD OF DIRECTORS SHALL CALL A MEMBERS MEETING
15 TO CONSIDER AN AMENDMENT PROPOSED PURSUANT TO SUBSECTION (1) OF
16 THIS SECTION. THE MEETING SHALL BE HELD NOT LATER THAN NINETY
17 DAYS FOLLOWING THE PROPOSAL OF THE AMENDMENT BY THE BOARD OR
18 RECEIPT OF A PETITION OR PETITIONS SATISFYING THE REQUIREMENTS OF
19 THIS SECTION. THE BOARD SHALL MAIL OR OTHERWISE TRANSMIT OR
20 DELIVER IN A RECORD TO EACH MEMBER:

21 (a) THE PROPOSED AMENDMENT, OR A SUMMARY OF THE PROPOSED
22 AMENDMENT AND A STATEMENT OF THE MANNER IN WHICH A COPY OF THE
23 AMENDMENT IN A RECORD MAY BE REASONABLY OBTAINED BY A MEMBER;

24 (b) A RECOMMENDATION THAT THE MEMBERS APPROVE THE
25 AMENDMENT, OR, IF THE BOARD DETERMINES THAT BECAUSE OF CONFLICT
26 OF INTEREST OR ANY OTHER REASON IT SHOULD NOT MAKE A FAVORABLE
27 RECOMMENDATION, THE BASIS FOR THAT DETERMINATION;

1 (c) A STATEMENT OF ANY CONDITION OF THE BOARD'S SUBMISSION
2 OF THE AMENDMENT TO THE MEMBERS; AND

3 (d) NOTICE OF THE MEETING AT WHICH THE PROPOSED
4 AMENDMENT WILL BE CONSIDERED, WHICH SHALL BE GIVEN IN THE SAME
5 MANNER AS NOTICE FOR A SPECIAL MEETING OF MEMBERS.

6 **7-58-403. Method of voting on amendment of articles and**
7 **bylaws.** (1) A SUBSTANTIVE CHANGE TO A PROPOSED AMENDMENT OF
8 THE ARTICLES OR BYLAWS MAY NOT BE MADE AT THE MEMBERS MEETING
9 AT WHICH A VOTE ON THE AMENDMENT OCCURS.

10 (2) A NONSUBSTANTIVE CHANGE TO A PROPOSED AMENDMENT OF
11 THE ARTICLES OR BYLAWS MAY BE MADE AT THE MEMBERS MEETING AT
12 WHICH THE VOTE ON THE AMENDMENT OCCURS AND NEED NOT BE
13 SEPARATELY VOTED UPON BY THE BOARD OF DIRECTORS.

14 (3) A VOTE TO ADOPT A NONSUBSTANTIVE CHANGE TO A PROPOSED
15 AMENDMENT TO THE ARTICLES OR BYLAWS SHALL BE BY THE SAME
16 PERCENTAGE OF VOTES REQUIRED TO PASS A PROPOSED AMENDMENT.

17 **7-58-404. Voting by district, class, or voting group.** (1) THIS
18 SECTION APPLIES IF THE ARTICLES OR BYLAWS PROVIDE FOR VOTING BY
19 DISTRICT OR CLASS, OR IF THERE IS ONE OR MORE IDENTIFIABLE VOTING
20 GROUPS THAT A PROPOSED AMENDMENT TO THE ARTICLES OR BYLAWS
21 WOULD AFFECT DIFFERENTLY FROM OTHER MEMBERS WITH RESPECT TO
22 MATTERS IDENTIFIED IN SECTION 7-58-405 (1). APPROVAL OF THE
23 AMENDMENT REQUIRES THE SAME PERCENTAGE OF VOTES OF THE
24 MEMBERS OF THAT DISTRICT, CLASS, OR VOTING GROUP REQUIRED IN
25 SECTIONS 7-58-405 AND 7-58-514.

26 (2) IF A PROPOSED AMENDMENT TO THE ARTICLES OR BYLAWS
27 WOULD AFFECT MEMBERS IN TWO OR MORE DISTRICTS OR CLASSES

1 ENTITLED TO VOTE SEPARATELY UNDER SUBSECTION (1) OF THIS SECTION
2 IN THE SAME OR A SUBSTANTIALLY SIMILAR WAY, THE DISTRICTS OR
3 CLASSES AFFECTED SHALL VOTE AS A SINGLE VOTING GROUP UNLESS THE
4 ARTICLES OR BYLAWS OTHERWISE PROVIDE FOR SEPARATE VOTING.

5 **7-58-405. Approval of amendment.** (1) SUBJECT TO SECTION
6 7-58-404 AND SUBSECTIONS (3) AND (4) OF THIS SECTION, AN AMENDMENT
7 TO THE ARTICLES MUST BE APPROVED BY:

8 (a) AT LEAST A MAJORITY VOTE OF THE VOTING POWER OF ALL
9 MEMBERS PRESENT AT A MEMBERS MEETING CALLED UNDER SECTION
10 7-58-402, UNLESS THE ARTICLES REQUIRE A GREATER PERCENTAGE; AND

11 (b) IF THE LIMITED COOPERATIVE ASSOCIATION HAS INVESTOR
12 MEMBERS, AT LEAST A MAJORITY OF THE VOTES CAST BY PATRON
13 MEMBERS, UNLESS THE ARTICLES REQUIRE A GREATER PERCENTAGE VOTE
14 BY PATRON MEMBERS.

15 (2) SUBJECT TO SECTION 7-58-404 AND SUBSECTIONS (3), (4), (5),
16 AND (6) OF THIS SECTION, AN AMENDMENT TO THE BYLAWS MUST BE
17 APPROVED BY:

18 (a) AT LEAST A MAJORITY VOTE OF THE VOTING POWER OF ALL
19 MEMBERS PRESENT AT A MEMBERS MEETING CALLED UNDER SECTION
20 7-58-402, UNLESS THE ARTICLES OR BYLAWS REQUIRE A GREATER
21 PERCENTAGE; AND

22 (b) IF A LIMITED COOPERATIVE ASSOCIATION HAS INVESTOR
23 MEMBERS, A MAJORITY OF THE VOTES CAST BY PATRON MEMBERS, UNLESS
24 THE ARTICLES OR BYLAWS REQUIRE A LARGER AFFIRMATIVE VOTE BY
25 PATRON MEMBERS.

26 (3) THE ARTICLES MAY REQUIRE THAT THE PERCENTAGE OF VOTES
27 REQUIRED UNDER PARAGRAPH (a) OF SUBSECTION (1) OF THIS SECTION, OR

1 THE ARTICLES OR BYLAWS MAY REQUIRE THAT THE PERCENTAGE OF VOTES
2 REQUIRED UNDER PARAGRAPH (a) OF SUBSECTION (2) OF THIS SECTION, BE:

3 (a) A DIFFERENT PERCENTAGE THAT IS NOT LESS THAN A MAJORITY
4 OF MEMBERS VOTING AT THE MEETING;

5 (b) MEASURED AGAINST THE VOTING POWER OF ALL MEMBERS; OR

6 (c) A COMBINATION OF PARAGRAPHS (a) AND (b) OF THIS
7 SUBSECTION (3).

8 (4) CONSENT IN A RECORD BY A MEMBER SHALL BE DELIVERED TO
9 A LIMITED COOPERATIVE ASSOCIATION BEFORE DELIVERY OF AN
10 AMENDMENT TO THE ARTICLES OR RESTATED ARTICLES FOR FILING
11 PURSUANT TO SECTION 7-58-407, OR BEFORE OR AT THE SAME TIME AS A
12 MEMBERS VOTE IS TAKEN ON AN AMENDMENT TO THE BYLAWS OR
13 ADOPTION OF RESTATED BYLAWS SUBMITTED TO MEMBERS FOR A VOTE, IF,
14 AS A RESULT OF THE AMENDMENT OR RESTATEMENT:

15 (a) THE MEMBER WILL HAVE:

16 (I) PERSONAL LIABILITY FOR AN OBLIGATION OF THE ASSOCIATION;

17 OR

18 (II) AN OBLIGATION OR LIABILITY FOR AN ADDITIONAL
19 CONTRIBUTION; OR

20 (b) THE RELATIVE RIGHTS OF THE MEMBER IN THE ASSOCIATION
21 WILL BE ADVERSELY AFFECTED OR DIMINISHED BY THE AMENDMENT.

22 (5) THE VOTE REQUIRED TO AMEND BYLAWS MUST SATISFY THE
23 REQUIREMENTS OF SUBSECTION (1) OF THIS SECTION IF THE PROPOSED
24 AMENDMENT MODIFIES:

25 (a) THE EQUITY CAPITAL STRUCTURE OF THE LIMITED
26 COOPERATIVE ASSOCIATION, INCLUDING THE RIGHTS OF THE
27 ASSOCIATION'S MEMBERS TO SHARE IN PROFITS OR DISTRIBUTIONS, OR THE

1 RELATIVE RIGHTS, PREFERENCES, AND RESTRICTIONS GRANTED TO OR
2 IMPOSED UPON ONE OR MORE DISTRICTS, CLASSES, OR VOTING GROUPS OF
3 SIMILARLY SITUATED MEMBERS;

4 (b) THE TRANSFERABILITY OF A MEMBER'S INTEREST;

5 (c) THE MANNER OR METHOD OF ALLOCATION OF PROFITS OR
6 LOSSES AMONG MEMBERS;

7 (d) THE QUORUM FOR A MEETING AND THE RIGHTS OF VOTING AND
8 GOVERNANCE; OR

9 (e) UNLESS OTHERWISE PROVIDED IN THE ARTICLES OR BYLAWS,
10 THE TERMS FOR ADMISSION OF NEW MEMBERS.

11 (6) EXCEPT FOR THE MATTERS DESCRIBED IN SUBSECTION (5) OF
12 THIS SECTION, THE ARTICLES MAY DELEGATE AMENDMENT OF ALL OR A
13 PART OF THE BYLAWS TO THE BOARD OF DIRECTORS WITHOUT REQUIRING
14 MEMBER APPROVAL.

15 (7) IF THE ARTICLES DELEGATE AMENDMENT OF BYLAWS TO THE
16 BOARD OF DIRECTORS, THE BOARD SHALL PROVIDE A DESCRIPTION OF ANY
17 AMENDMENT OF THE BYLAWS MADE BY THE BOARD TO THE MEMBERS IN
18 A RECORD NOT LATER THAN THIRTY DAYS AFTER THE AMENDMENT, BUT
19 THE DESCRIPTION MAY BE PROVIDED AT THE NEXT ANNUAL MEMBERS
20 MEETING IF THE MEETING IS HELD WITHIN THE THIRTY-DAY PERIOD.

21 **7-58-406. Restated articles.** (1) THE BOARD OF DIRECTORS MAY
22 RESTATE THE ARTICLES AT ANY TIME WITH OR WITHOUT ACTION BY THE
23 MEMBERS. IF THE LIMITED COOPERATIVE ASSOCIATION DOES NOT HAVE
24 BOTH MEMBERS AND DIRECTORS, ITS ORGANIZERS MAY RESTATE THE
25 ARTICLES AT ANY TIME.

26 (2) THE RESTATEMENT MAY INCLUDE ONE OR MORE AMENDMENTS
27 TO THE ARTICLES. IF THE RESTATEMENT INCLUDES AN AMENDMENT

1 REQUIRING APPROVAL OF THE MEMBERS, IT MUST BE APPROVED IN THE
2 SAME MANNER AS AN AMENDMENT TO THE ARTICLES UNDER SECTION
3 7-58-405 (1).

4 (3) IF THE BOARD OF DIRECTORS SUBMITS A RESTATEMENT FOR
5 ACTION BY THE MEMBERS, THE BOARD SHALL CALL A MEETING OF
6 MEMBERS AND MAIL OR OTHERWISE TRANSMIT OR DELIVER IN A RECORD
7 THE INFORMATION AND GIVE NOTICE OF THE MEETING IN ACCORDANCE
8 WITH SECTION 7-58-402 (2) TO EACH MEMBER ENTITLED TO VOTE ON THE
9 RESTATEMENT. THE COPY OF THE RESTATEMENT PROVIDED TO MEMBERS
10 MUST IDENTIFY ANY AMENDMENT OR OTHER CHANGE THE RESTATEMENT
11 WOULD MAKE IN THE ARTICLES.

12 (4) A LIMITED COOPERATIVE ASSOCIATION RESTATING ITS
13 ARTICLES SHALL DELIVER TO THE SECRETARY OF STATE, FOR FILING
14 PURSUANT TO PART 3 OF ARTICLE 90 OF THIS TITLE, ARTICLES OF
15 RESTATEMENT STATING:

16 (a) THE DOMESTIC ENTITY NAME OF THE ASSOCIATION;

17 (b) THE TEXT OF THE RESTATED ARTICLES; AND

18 (c) IF THE RESTATEMENT WAS ADOPTED BY THE BOARD OF
19 DIRECTORS OR ORGANIZERS WITHOUT MEMBER ACTION, A STATEMENT TO
20 THAT EFFECT AND THAT MEMBER ACTION WAS NOT REQUIRED.

21 (5) UPON FILING BY THE SECRETARY OF STATE OR AT ANY LATER
22 EFFECTIVE DATE DETERMINED PURSUANT TO SECTION 7-90-304, RESTATED
23 ARTICLES SUPERSEDE THE ORIGINAL ARTICLES AND ALL PRIOR
24 AMENDMENTS TO THEM.

25 **7-58-407. Amendment of articles - filing.** (1) A LIMITED
26 COOPERATIVE ASSOCIATION AMENDING ITS ARTICLES SHALL DELIVER TO
27 THE SECRETARY OF STATE, FOR FILING PURSUANT TO PART 3 OF ARTICLE

1 90 OF THIS TITLE, ARTICLES OF AMENDMENT STATING:

2 (a) THE DOMESTIC NAME OF THE ASSOCIATION; AND

3 (b) THE TEXT OF EACH AMENDMENT ADOPTED.

4 (2) BEFORE THE BEGINNING OF THE INITIAL MEETING OF THE
5 BOARD OF DIRECTORS, AN ORGANIZER WHO KNOWS THAT INFORMATION IN
6 THE FILED ARTICLES WAS INACCURATE WHEN THE ARTICLES WERE FILED
7 OR HAS BECOME INACCURATE DUE TO CHANGED CIRCUMSTANCES SHALL
8 PROMPTLY:

9 (a) CAUSE THE ARTICLES TO BE AMENDED; AND

10 (b) IF APPROPRIATE, DELIVER A STATEMENT OF:

11 (I) CHANGE TO THE SECRETARY OF STATE FOR FILING PURSUANT
12 TO SECTION 7-90-305.5; OR

13 (II) CORRECTION TO THE SECRETARY OF STATE FOR FILING
14 PURSUANT TO SECTION 7-90-305.

15 (3) UPON FILING, AN AMENDMENT OF THE ARTICLES THAT HAS
16 BEEN PROPERLY ADOPTED BY THE MEMBERS IS EFFECTIVE AS PROVIDED IN
17 SECTION 7-90-304.

18 PART 5

19 MEMBERS

20 **7-58-501. Members.** TO BEGIN BUSINESS, A LIMITED
21 COOPERATIVE ASSOCIATION MUST HAVE AT LEAST TWO PATRON MEMBERS
22 UNLESS THE SOLE MEMBER IS A COOPERATIVE.

23 **7-58-502. Becoming a member.** (1) A PERSON BECOMES A
24 MEMBER:

25 (a) AS PROVIDED IN THE ARTICLES OR BYLAWS;

26 (b) AS THE RESULT OF A MERGER OR CONVERSION UNDER PART 16
27 OF THIS ARTICLE; OR

1 (c) WITH THE CONSENT OF ALL THE MEMBERS.

2 **7-58-503. No power as member to bind association.** A
3 MEMBER, SOLELY BY REASON OF BEING A MEMBER, MAY NOT ACT FOR OR
4 BIND THE LIMITED COOPERATIVE ASSOCIATION.

5 **7-58-504. No liability as member for association's obligations.**
6 UNLESS THE ARTICLES OTHERWISE PROVIDE, A DEBT, OBLIGATION, OR
7 OTHER LIABILITY OF A LIMITED COOPERATIVE ASSOCIATION IS SOLELY
8 THAT OF THE ASSOCIATION AND IS NOT THE DEBT, OBLIGATION, OR
9 LIABILITY OF A MEMBER SOLELY BY REASON OF BEING A MEMBER.

10 **7-58-505. Right of member and former member to**
11 **information.** (1) NOT LATER THAN TEN BUSINESS DAYS AFTER RECEIPT
12 OF A DEMAND MADE IN A RECORD, A LIMITED COOPERATIVE ASSOCIATION
13 SHALL PERMIT A MEMBER TO OBTAIN, INSPECT, AND COPY IN THE
14 ASSOCIATION'S PRINCIPAL OFFICE REQUIRED INFORMATION LISTED IN
15 SECTION 7-58-112 (1) (a) TO (1) (f) DURING REGULAR BUSINESS HOURS.
16 A MEMBER NEED NOT HAVE ANY PARTICULAR PURPOSE FOR SEEKING THE
17 INFORMATION. THE ASSOCIATION IS NOT REQUIRED TO PROVIDE THE
18 INFORMATION LISTED IN SECTION 7-58-112 (1) (b) TO (1) (f) TO THE SAME
19 MEMBER MORE THAN ONCE DURING A SIX-MONTH PERIOD.

20 (2) ON DEMAND MADE IN A RECORD RECEIVED BY THE LIMITED
21 COOPERATIVE ASSOCIATION, A MEMBER MAY OBTAIN, INSPECT, AND COPY
22 IN THE ASSOCIATION'S PRINCIPAL OFFICE REQUIRED INFORMATION LISTED
23 IN SECTION 7-58-112 (1) (g), (1) (h), (1) (j), AND (1) (o) DURING REGULAR
24 BUSINESS HOURS, IF:

25 (a) THE MEMBER SEEKS THE INFORMATION IN GOOD FAITH AND FOR
26 A PROPER PURPOSE REASONABLY RELATED TO THE MEMBER'S INTEREST;

27 (b) THE DEMAND INCLUDES A DESCRIPTION, WITH REASONABLE

1 PARTICULARITY, OF THE INFORMATION SOUGHT AND THE PURPOSE FOR
2 SEEKING THE INFORMATION;

3 (c) THE INFORMATION SOUGHT IS DIRECTLY CONNECTED TO THE
4 MEMBER'S PURPOSE; AND

5 (d) THE DEMAND IS OTHERWISE REASONABLE.

6 (3) NOT LATER THAN TEN BUSINESS DAYS AFTER RECEIPT OF A
7 DEMAND PURSUANT TO SUBSECTION (2) OF THIS SECTION, A LIMITED
8 COOPERATIVE ASSOCIATION SHALL PROVIDE, IN A RECORD, THE
9 FOLLOWING INFORMATION TO THE MEMBER THAT MADE THE DEMAND:

10 (a) IF THE ASSOCIATION AGREES TO PROVIDE THE DEMANDED
11 INFORMATION:

12 (I) WHAT INFORMATION THE ASSOCIATION WILL PROVIDE IN
13 RESPONSE TO THE DEMAND; AND

14 (II) A REASONABLE TIME AND REASONABLE PLACE AT WHICH THE
15 ASSOCIATION WILL PROVIDE THE INFORMATION; OR

16 (b) IF THE ASSOCIATION DECLINES TO PROVIDE SOME OR ALL OF
17 THE DEMANDED INFORMATION, THE ASSOCIATION'S REASONS FOR
18 DECLINING.

19 (4) A PERSON DISSOCIATED AS A MEMBER MAY OBTAIN, INSPECT,
20 AND COPY INFORMATION AVAILABLE TO A MEMBER UNDER SUBSECTION (1)
21 OR (2) OF THIS SECTION BY DELIVERING A DEMAND IN A RECORD TO THE
22 LIMITED COOPERATIVE ASSOCIATION, IN THE SAME MANNER AND SUBJECT
23 TO THE SAME CONDITIONS APPLICABLE TO A MEMBER UNDER SUBSECTION
24 (2) OF THIS SECTION, IF:

25 (a) THE INFORMATION PERTAINS TO THE PERIOD DURING WHICH
26 THE PERSON WAS A MEMBER IN THE ASSOCIATION; AND

27 (b) THE PERSON SEEKS THE INFORMATION IN GOOD FAITH.

1 (5) A LIMITED COOPERATIVE ASSOCIATION SHALL RESPOND TO A
2 DEMAND MADE PURSUANT TO SUBSECTION (4) OF THIS SECTION IN THE
3 MANNER PROVIDED IN SUBSECTION (3) OF THIS SECTION.

4 (6) NOT LATER THAN TEN BUSINESS DAYS AFTER RECEIPT BY A
5 LIMITED COOPERATIVE ASSOCIATION OF A DEMAND MADE BY A MEMBER
6 IN A RECORD, BUT NOT MORE OFTEN THAN ONCE IN A SIX-MONTH PERIOD,
7 THE ASSOCIATION SHALL DELIVER TO THE MEMBER A RECORD STATING THE
8 INFORMATION WITH RESPECT TO THE MEMBER REQUIRED BY SECTION
9 7-58-112 (1) (n).

10 (7) A LIMITED COOPERATIVE ASSOCIATION MAY IMPOSE
11 REASONABLE RESTRICTIONS, INCLUDING NONDISCLOSURE RESTRICTIONS,
12 ON THE USE OF INFORMATION OBTAINED UNDER THIS SECTION. IN A
13 DISPUTE CONCERNING THE REASONABLENESS OF A RESTRICTION UNDER
14 THIS SUBSECTION (7), THE ASSOCIATION HAS THE BURDEN OF PROVING
15 REASONABLENESS.

16 (8) A LIMITED COOPERATIVE ASSOCIATION MAY CHARGE A PERSON
17 THAT MAKES A DEMAND UNDER THIS SECTION REASONABLE COSTS OF
18 COPYING, LIMITED TO THE COSTS OF EQUIPMENT, LABOR, AND MATERIAL.

19 (9) A PERSON THAT MAY OBTAIN INFORMATION UNDER THIS
20 SECTION MAY OBTAIN THE INFORMATION THROUGH AN ATTORNEY OR
21 OTHER AGENT. A RESTRICTION IMPOSED ON THE PERSON UNDER
22 SUBSECTION (7) OF THIS SECTION OR BY THE ARTICLES OR BYLAWS APPLIES
23 TO THE ATTORNEY OR OTHER AGENT.

24 (10) THE RIGHTS STATED IN THIS SECTION DO NOT EXTEND TO A
25 PERSON AS TRANSFEREE.

26 (11) THE ARTICLES OR BYLAWS MAY REQUIRE A LIMITED
27 COOPERATIVE ASSOCIATION TO PROVIDE MORE INFORMATION THAN

1 REQUIRED BY THIS SECTION AND MAY ESTABLISH CONDITIONS AND
2 PROCEDURES FOR PROVIDING THE INFORMATION.

3 **7-58-506. Annual meeting of members.** (1) MEMBERS SHALL
4 MEET ANNUALLY AT A TIME PROVIDED IN THE ARTICLES OR BYLAWS OR
5 SET BY THE BOARD OF DIRECTORS NOT INCONSISTENT WITH THE ARTICLES
6 AND BYLAWS.

7 (2) AN ANNUAL MEMBERS MEETING MAY BE HELD INSIDE OR
8 OUTSIDE THIS STATE AT THE PLACE STATED IN THE ARTICLES OR BYLAWS
9 OR SELECTED BY THE BOARD OF DIRECTORS NOT INCONSISTENT WITH THE
10 ARTICLES AND BYLAWS.

11 (3) UNLESS THE ARTICLES OR BYLAWS OTHERWISE PROVIDE,
12 MEMBERS MAY ATTEND OR CONDUCT AN ANNUAL MEMBERS MEETING
13 THROUGH ANY MEANS OF COMMUNICATION IF ALL MEMBERS ATTENDING
14 THE MEETING CAN COMMUNICATE WITH EACH OTHER DURING THE
15 MEETING.

16 (4) THE BOARD OF DIRECTORS SHALL REPORT, OR CAUSE TO BE
17 REPORTED, AT THE ASSOCIATION'S ANNUAL MEMBERS MEETING THE
18 ASSOCIATION'S BUSINESS AND FINANCIAL CONDITION AS OF THE CLOSE OF
19 THE MOST RECENT FISCAL YEAR.

20 (5) UNLESS THE ARTICLES OR BYLAWS OTHERWISE PROVIDE, THE
21 BOARD OF DIRECTORS SHALL DESIGNATE THE PRESIDING OFFICER OF THE
22 ASSOCIATION'S ANNUAL MEMBERS MEETING.

23 (6) FAILURE TO HOLD AN ANNUAL MEMBERS MEETING DOES NOT
24 AFFECT THE VALIDITY OF ANY ACTION BY THE LIMITED COOPERATIVE
25 ASSOCIATION.

26 **7-58-507. Special meeting of members.** (1) A SPECIAL MEETING
27 OF MEMBERS MAY BE CALLED ONLY:

1 (a) AS PROVIDED IN THE ARTICLES OR BYLAWS;

2 (b) BY A MAJORITY VOTE OF THE BOARD OF DIRECTORS ON A
3 PROPOSAL STATING THE PURPOSE OF THE MEETING;

4 (c) BY DEMAND IN A RECORD SIGNED BY MEMBERS HOLDING AT
5 LEAST TWENTY PERCENT OF THE VOTING POWER OF THE PERSONS IN ANY
6 DISTRICT OR CLASS ENTITLED TO VOTE ON THE MATTER THAT IS THE
7 PURPOSE OF THE MEETING STATED IN THE DEMAND; OR

8 (d) BY DEMAND IN A RECORD SIGNED BY MEMBERS HOLDING AT
9 LEAST TEN PERCENT OF THE TOTAL VOTING POWER OF ALL THE PERSONS
10 ENTITLED TO VOTE ON THE MATTER THAT IS THE PURPOSE OF THE MEETING
11 STATED IN THE DEMAND.

12 (2) A DEMAND UNDER PARAGRAPH (c) OR (d) OF SUBSECTION (1)
13 OF THIS SECTION MUST BE SUBMITTED TO THE OFFICER OF THE LIMITED
14 COOPERATIVE ASSOCIATION CHARGED WITH KEEPING ITS RECORDS.

15 (3) ANY VOTING MEMBER MAY WITHDRAW ITS DEMAND UNDER
16 PARAGRAPH (c) OR (d) OF SUBSECTION (1) OF THIS SECTION BEFORE
17 RECEIPT BY THE LIMITED COOPERATIVE ASSOCIATION OF DEMANDS
18 SUFFICIENT TO REQUIRE A SPECIAL MEETING OF MEMBERS.

19 (4) A SPECIAL MEETING OF MEMBERS MAY BE HELD INSIDE OR
20 OUTSIDE THIS STATE AT THE PLACE STATED IN THE ARTICLES OR BYLAWS
21 OR SELECTED BY THE BOARD OF DIRECTORS NOT INCONSISTENT WITH THE
22 ARTICLES AND BYLAWS.

23 (5) UNLESS THE ARTICLES OR BYLAWS OTHERWISE PROVIDE,
24 MEMBERS MAY ATTEND OR CONDUCT A SPECIAL MEETING OF MEMBERS
25 THROUGH THE USE OF ANY MEANS OF COMMUNICATION IF ALL MEMBERS
26 ATTENDING THE MEETING CAN COMMUNICATE WITH EACH OTHER DURING
27 THE MEETING.

1 (6) ONLY BUSINESS WITHIN THE PURPOSE OR PURPOSES STATED IN
2 THE NOTICE OF A SPECIAL MEETING OF MEMBERS MAY BE CONDUCTED AT
3 THE MEETING.

4 (7) UNLESS THE ARTICLES OR BYLAWS OTHERWISE PROVIDE, THE
5 PRESIDING OFFICER OF A SPECIAL MEETING OF MEMBERS SHALL BE
6 DESIGNATED BY THE BOARD OF DIRECTORS.

7 **7-58-508. Notice of members meeting.** (1) A LIMITED
8 COOPERATIVE ASSOCIATION SHALL NOTIFY EACH MEMBER OF THE TIME,
9 DATE, AND PLACE OF A MEMBERS MEETING AT LEAST TEN AND NOT MORE
10 THAN SIXTY DAYS BEFORE THE MEETING; EXCEPT THAT, IF THE NOTICE IS
11 OF A MEETING OF THE MEMBERS IN ONE OR MORE DISTRICTS OR CLASSES
12 OF MEMBERS, THE NOTICE SHALL BE GIVEN ONLY TO MEMBERS IN THOSE
13 DISTRICTS OR CLASSES.

14 (2) UNLESS THIS ARTICLE OR THE ARTICLES OTHERWISE PROVIDE,
15 NOTICE OF AN ANNUAL MEMBERS MEETING NEED NOT INCLUDE ANY
16 PURPOSE OF THE MEETING.

17 (3) NOTICE OF A SPECIAL MEETING OF MEMBERS SHALL INCLUDE
18 EACH PURPOSE OF THE MEETING AS CONTAINED IN THE DEMAND UNDER
19 SECTION 7-58-507 (1) (c) OR (1) (d) OR AS VOTED UPON BY THE BOARD OF
20 DIRECTORS UNDER SECTION 7-58-507 (1) (b).

21 (4) NOTICE OF A MEMBERS MEETING SHALL BE GIVEN IN A RECORD
22 UNLESS ORAL NOTICE IS REASONABLE UNDER THE CIRCUMSTANCES.

23 (5) (a) NOTWITHSTANDING ANY OTHER PROVISION OF THIS
24 SECTION, WHENEVER NOTICE IS REQUIRED TO BE GIVEN UNDER THIS
25 SECTION OR UNDER ANY OTHER PROVISION OF THIS ARTICLE TO ANY
26 MEMBER, SUCH NOTICE SHALL NOT BE REQUIRED TO BE GIVEN TO A
27 MEMBER IF:

1 (I) NOTICE OF TWO CONSECUTIVE ANNUAL MEETINGS, AND ALL
2 NOTICES OF MEETINGS DURING THE PERIOD BETWEEN THE TWO
3 CONSECUTIVE ANNUAL MEETINGS, HAVE BEEN SENT TO THE MEMBER AT
4 THE MEMBER'S ADDRESS AS SHOWN ON THE RECORDS OF THE LIMITED
5 COOPERATIVE ASSOCIATION AND HAVE BEEN RETURNED UNDELIVERABLE;
6 OR

7 (II) ALL, BUT NOT LESS THAN TWO, PAYMENTS OF DISTRIBUTIONS
8 DURING A TWELVE-MONTH PERIOD, OR TWO CONSECUTIVE PAYMENTS OF
9 DISTRIBUTIONS DURING A PERIOD OF MORE THAN TWELVE MONTHS, HAVE
10 BEEN SENT TO THE MEMBER AT THE MEMBER'S ADDRESS AS SHOWN ON THE
11 RECORDS OF THE ASSOCIATION AND HAVE BEEN RETURNED
12 UNDELIVERABLE.

13 (b) IF ANY SUCH MEMBER DELIVERS TO THE ASSOCIATION A NOTICE
14 IN A RECORD SETTING FORTH THE MEMBER'S THEN-CURRENT ADDRESS, THE
15 REQUIREMENT THAT NOTICE BE GIVEN TO THE MEMBER SHALL BE
16 REINSTATED.

17 **7-58-509. Waiver of members meeting notice.** (1) A MEMBER
18 MAY WAIVE NOTICE OF A MEMBERS MEETING BEFORE, DURING, OR AFTER
19 THE MEETING.

20 (2) A MEMBER'S PARTICIPATION IN A MEMBERS MEETING IS A
21 WAIVER OF NOTICE OF THAT MEETING UNLESS THE MEMBER OBJECTS TO
22 THE MEETING AT THE BEGINNING OF THE MEETING OR PROMPTLY UPON THE
23 MEMBER'S ARRIVAL AT THE MEETING AND DOES NOT THEREAFTER VOTE
24 FOR OR ASSENT TO ACTION TAKEN AT THE MEETING.

25 **7-58-510. Quorum of members.** UNLESS THE ARTICLES OR
26 BYLAWS OTHERWISE REQUIRE A DIFFERENT NUMBER OF MEMBERS OR
27 PERCENTAGE OF THE VOTING POWER, A QUORUM FOR CONDUCTING

1 BUSINESS AT ALL MEETINGS OF THE MEMBERS CONSISTS OF FIVE PERCENT
2 OF THE TOTAL NUMBER OF MEMBERS OR THIRTY MEMBERS PRESENT AT THE
3 MEETING, WHICHEVER IS LESS. NOTHING PREVENTS THE ARTICLES OR
4 BYLAWS FROM REQUIRING A GREATER OR LESSER NUMBER OR PERCENTAGE
5 OF MEMBERS, OR MEMBERS OF CLASSES, DISTRICTS, OR VOTING GROUPS AS
6 A QUORUM.

7 **7-58-511. Voting by patron members.** EXCEPT AS PROVIDED BY
8 SECTION 7-58-512 (1), EACH PATRON MEMBER HAS ONE VOTE. THE
9 ARTICLES OR BYLAWS MAY ALLOCATE VOTING POWER AMONG PATRON
10 MEMBERS AS PROVIDED IN SECTION 7-58-512 (1).

11 **7-58-512. Determination of voting power of patron member.**

12 (1) THE ARTICLES OR BYLAWS MAY ALLOCATE VOTING POWER AMONG
13 PATRON MEMBERS ON THE BASIS OF ONE OR A COMBINATION OF THE
14 FOLLOWING:

- 15 (a) ONE MEMBER, ONE VOTE;
- 16 (b) USE OR PATRONAGE;
- 17 (c) EQUITY; OR
- 18 (d) IF A PATRON MEMBER IS A COOPERATIVE, THE NUMBER OF ITS
19 PATRON MEMBERS.

20 (2) IF THE ARTICLES OR BYLAWS ALLOCATE VOTING POWER ON THE
21 BASIS OF USE OR PATRONAGE AND A MEMBER WOULD BE DENIED A VOTE
22 BECAUSE THE MEMBER DID NOT USE THE LIMITED COOPERATIVE
23 ASSOCIATION OR CONDUCT PATRONAGE WITH IT DURING THE PERIOD ON
24 WHICH THE ALLOCATION OF VOTING POWER IS DETERMINED, THE ARTICLES
25 OR BYLAWS MUST PROVIDE THAT THE MEMBER SHALL NEVERTHELESS BE
26 ALLOCATED A VOTE EQUAL TO AT LEAST THE MINIMUM VOTING POWER
27 ALLOCATED TO MEMBERS WHO USED THE ASSOCIATION OR CONDUCTED

1 PATRONAGE WITH IT DURING THE PERIOD.

2 (3) THE ARTICLES OR BYLAWS MAY PROVIDE FOR THE ALLOCATION
3 OF PATRON MEMBER VOTING POWER BY DISTRICTS OR CLASS OR ANY
4 COMBINATION THEREOF.

5 **7-58-513. Voting by investor members.** IF THE ARTICLES OR
6 BYLAWS PROVIDE FOR INVESTOR MEMBERS, EACH INVESTOR MEMBER HAS
7 ONE VOTE UNLESS THE ARTICLES OR BYLAWS OTHERWISE PROVIDE. THE
8 ARTICLES OR BYLAWS MAY PROVIDE FOR THE ALLOCATION OF INVESTOR
9 MEMBER VOTING POWER BY CLASS, CLASSES, OR ANY COMBINATION OF
10 CLASSES.

11 **7-58-514. Voting requirements for members.** (1) IF A LIMITED
12 COOPERATIVE ASSOCIATION HAS BOTH PATRON AND INVESTOR MEMBERS,
13 THE FOLLOWING RULES APPLY:

14 (a) THE TOTAL VOTING POWER OF ALL PATRON MEMBERS MUST
15 NOT BE LESS THAN A MAJORITY OF THE ENTIRE VOTING POWER ENTITLED
16 TO VOTE.

17 (b) ACTION ON ANY MATTER IS APPROVED ONLY UPON THE
18 AFFIRMATIVE VOTE OF AT LEAST A MAJORITY OF:

19 (I) ALL MEMBERS VOTING AT THE MEETING UNLESS MORE THAN A
20 MAJORITY IS REQUIRED OR PERMITTED BY PARTS 4, 12, 15, AND 16 OF THIS
21 ARTICLE OR THE ARTICLES OR BYLAWS; AND

22 (II) VOTES CAST BY PATRON MEMBERS UNLESS THE ARTICLES OR
23 BYLAWS REQUIRE A LARGER AFFIRMATIVE VOTE BY PATRON MEMBERS.

24 (c) THE ARTICLES OR BYLAWS MAY PROVIDE FOR THE PERCENTAGE
25 OF THE AFFIRMATIVE VOTES THAT MUST BE CAST BY INVESTOR MEMBERS
26 TO APPROVE THE MATTER.

27 **7-58-515. Manner of voting.** (1) UNLESS THE ARTICLES OR

1 BYLAWS OTHERWISE PROVIDE, VOTING BY A PROXY AT A MEMBERS
2 MEETING IS PROHIBITED. THIS SUBSECTION (1) DOES NOT PROHIBIT
3 DELEGATE VOTING BASED ON DISTRICT OR CLASS.

4 (2) IF VOTING BY A PROXY IS PERMITTED, A PATRON MEMBER MAY
5 APPOINT ONLY ANOTHER PATRON MEMBER AS A PROXY AND, IF INVESTOR
6 MEMBERS ARE PERMITTED, AN INVESTOR MEMBER MAY APPOINT ONLY
7 ANOTHER INVESTOR MEMBER AS A PROXY.

8 (3) THE ARTICLES OR BYLAWS MAY PROVIDE FOR THE MANNER OF
9 AND PROVISIONS GOVERNING THE APPOINTMENT OF A PROXY.

10 (4) THE ARTICLES OR BYLAWS MAY PROVIDE FOR VOTING ON ANY
11 QUESTION BY BALLOT DELIVERED BY MAIL OR VOTING BY OTHER MEANS
12 ON QUESTIONS THAT ARE SUBJECT TO VOTE BY MEMBERS.

13 **7-58-516. Action without a meeting.** (1) UNLESS THE ARTICLES
14 OR BYLAWS REQUIRE THAT ACTION BE TAKEN AT A MEMBERS MEETING,
15 ANY ACTION REQUIRED OR PERMITTED BY THIS ARTICLE TO BE TAKEN AT
16 A MEMBERS MEETING MAY BE TAKEN WITHOUT A MEETING IF NOTICE OF
17 THE PROPOSED ACTION IS GIVEN AS PROVIDED IN SUBSECTION (6) OF THIS
18 SECTION, AND:

19 (a) ALL OF THE MEMBERS ENTITLED TO VOTE THEREON CONSENT
20 TO THE ACTION IN A RECORD; OR

21 (b) IF EXPRESSLY PROVIDED FOR IN THE ARTICLES, THE MEMBERS
22 HOLDING MEMBERSHIP INTERESTS HAVING NOT LESS THAN THE MINIMUM
23 NUMBER OF VOTES THAT WOULD BE NECESSARY TO AUTHORIZE OR TAKE
24 THE ACTION AT A MEETING AT WHICH ALL OF THE MEMBERSHIP INTERESTS
25 ENTITLED TO VOTE THEREON WERE PRESENT AND VOTED CONSENT TO THE
26 ACTION IN A RECORD.

27 (2) (a) NO ACTION TAKEN PURSUANT TO THIS SECTION IS

1 EFFECTIVE UNLESS, WITHIN SIXTY DAYS AFTER THE DATE THE LIMITED
2 COOPERATIVE ASSOCIATION FIRST RECEIVES A RECORD DESCRIBING AND
3 CONSENTING TO THE ACTION AND SIGNED BY A MEMBER, THE ASSOCIATION
4 HAS RECEIVED RECORDS THAT DESCRIBE AND CONSENT TO THE ACTION,
5 SIGNED BY MEMBERS HOLDING AT LEAST THE NUMBER OF VOTES ENTITLED
6 TO BE VOTED ON THE ACTION AS REQUIRED BY SUBSECTION (1) OF THIS
7 SECTION, DISREGARDING ANY RECORD THAT HAS BEEN REVOKED
8 PURSUANT TO SUBSECTION (3) OF THIS SECTION. THE ARTICLES OR
9 BYLAWS MAY PROVIDE FOR THE RECEIPT OF ANY RECORD BY THE
10 ASSOCIATION BY ELECTRONICALLY TRANSMITTED FACSIMILE OR OTHER
11 FORM OF WIRE OR WIRELESS COMMUNICATION PROVIDING THE
12 ASSOCIATION WITH A COMPLETE COPY THEREOF, INCLUDING A COPY OF
13 THE SIGNATURE THEREON.

14 (b) ACTION TAKEN PURSUANT TO THIS SECTION IS EFFECTIVE AS OF
15 THE DATE THE LIMITED COOPERATIVE ASSOCIATION RECEIVES THE LAST
16 RECORD NECESSARY TO EFFECT THE ACTION UNLESS ALL OF THE RECORDS
17 NECESSARY TO EFFECT THE ACTION STATE ANOTHER DATE AS THE
18 EFFECTIVE DATE OF THE ACTION, IN WHICH CASE THE STATED DATE IS THE
19 EFFECTIVE DATE OF THE ACTION.

20 (3) ANY MEMBER WHO HAS SIGNED A RECORD DESCRIBING AND
21 CONSENTING TO ACTION TAKEN PURSUANT TO THIS SECTION MAY REVOKE
22 THE CONSENT BY A RECORD SIGNED AND DATED BY THE MEMBER
23 DESCRIBING THE ACTION AND STATING THAT THE MEMBER'S PRIOR
24 CONSENT THERETO IS REVOKED, IF THE RECORD IS RECEIVED BY THE
25 LIMITED COOPERATIVE ASSOCIATION PRIOR TO THE EFFECTIVENESS OF THE
26 ACTION.

27 (4) IF NOT OTHERWISE FIXED UNDER SUBSECTION (7) OF THIS

1 SECTION, THE RECORD DATE FOR DETERMINING MEMBERS ENTITLED TO
2 TAKE ACTION PURSUANT TO THIS SECTION OR ENTITLED TO BE GIVEN
3 NOTICE UNDER SUBSECTION (6) OF THIS SECTION OF ACTION TAKEN
4 PURSUANT TO THIS SECTION IS THE DATE THE LIMITED COOPERATIVE
5 ASSOCIATION FIRST RECEIVES A WRITING UPON WHICH THE ACTION IS
6 TAKEN PURSUANT TO THIS SECTION.

7 (5) ACTION TAKEN UNDER THIS SECTION HAS THE SAME EFFECT AS
8 ACTION TAKEN AT A MEMBERS MEETING AND MAY BE DESCRIBED AS SUCH.

9 (6) (a) IF ACTION IS TO BE TAKEN UNDER SUBSECTION (1) OF THIS
10 SECTION, THE LIMITED COOPERATIVE ASSOCIATION SHALL GIVE NOTICE OF
11 THE PROPOSED ACTION TO THE MEMBERS ENTITLED TO VOTE THEREON.

12 THE NOTICE MUST:

13 (I) BE GIVEN IN A RECORD;

14 (II) DESCRIBE THE PROPOSED ACTION; AND

15 (III) SPECIFY THE DATE ON OR BEFORE WHICH CONSENTS TO BE
16 GIVEN PURSUANT TO SUBSECTION (1) OF THIS SECTION MUST BE RECEIVED
17 BY THE ASSOCIATION.

18 (b) (I) NOTWITHSTANDING PARAGRAPH (a) OF THIS SUBSECTION
19 (6), WHENEVER NOTICE IS REQUIRED TO BE GIVEN UNDER THIS SUBSECTION
20 (6) TO ANY MEMBER, THE NOTICE IS NOT REQUIRED TO BE GIVEN TO A
21 MEMBER IF:

22 (A) NOTICE OF TWO CONSECUTIVE ANNUAL MEETINGS, AND ALL
23 NOTICES OF MEETINGS DURING THE PERIOD BETWEEN THE TWO
24 CONSECUTIVE ANNUAL MEETINGS, HAVE BEEN SENT TO THE MEMBER AT
25 THE MEMBER'S ADDRESS AS SHOWN ON THE RECORDS OF THE LIMITED
26 COOPERATIVE ASSOCIATION AND HAVE BEEN RETURNED UNDELIVERABLE;

27 OR

1 (B) ALL, BUT NOT LESS THAN TWO, PAYMENTS OF DISTRIBUTIONS
2 DURING A TWELVE-MONTH PERIOD, OR TWO CONSECUTIVE PAYMENTS OF
3 DISTRIBUTIONS DURING A PERIOD OF MORE THAN TWELVE MONTHS, HAVE
4 BEEN SENT TO THE MEMBER AT THE MEMBER'S ADDRESS AS SHOWN ON THE
5 RECORDS OF THE ASSOCIATION AND HAVE BEEN RETURNED
6 UNDELIVERABLE.

7 (II) IF ANY SUCH MEMBER DELIVERS TO THE ASSOCIATION A
8 NOTICE IN A RECORD SETTING FORTH THE MEMBER'S THEN-CURRENT
9 ADDRESS, THE REQUIREMENT THAT NOTICE BE GIVEN TO THE MEMBER IS
10 REINSTATED.

11 (7) THE PROPER COURT MAY, UPON APPLICATION OF THE
12 ASSOCIATION OR ANY MEMBER WHO WOULD BE ENTITLED TO VOTE ON THE
13 ACTION AT A MEMBERS MEETING, SUMMARILY STATE A RECORD DATE FOR
14 DETERMINING MEMBERS ENTITLED TO SIGN RECORDS CONSENTING TO AN
15 ACTION UNDER THIS SECTION AND MAY ENTER OTHER ORDERS NECESSARY
16 OR APPROPRIATE TO EFFECT THE PURPOSES OF THIS SECTION.

17 **7-58-517. Districts and delegates - classes of members.**

18 (1) THE ARTICLES OR BYLAWS MAY PROVIDE FOR THE FORMATION OF
19 GEOGRAPHIC DISTRICTS OF PATRON MEMBERS, THE CONDUCT OF PATRON
20 MEMBER MEETINGS BY DISTRICTS, THE ELECTION OF DIRECTORS AT THE
21 MEETINGS, THE ELECTION OF DISTRICT DELEGATES TO REPRESENT AND
22 VOTE FOR THE DISTRICT AT MEMBERS MEETINGS, OR ANY COMBINATION
23 THEREOF.

24 (2) A DELEGATE ELECTED UNDER SUBSECTION (1) OF THIS SECTION
25 HAS ONE VOTE UNLESS VOTING POWER IS OTHERWISE ALLOCATED BY THE
26 ARTICLES OR BYLAWS.

27 (3) THE ARTICLES OR BYLAWS MAY PROVIDE FOR THE

1 ESTABLISHMENT OF CLASSES OF MEMBERS; THE PREFERENCES, RIGHTS,
2 AND LIMITATIONS OF THE CLASSES; THE CONDUCT OF MEMBERS MEETINGS
3 BY CLASSES AND THE ELECTION OF DIRECTORS AT THE MEETINGS; THE
4 ELECTION OF CLASS DELEGATES TO REPRESENT AND VOTE FOR THE
5 DISTRICT AT MEMBERS MEETINGS; OR ANY COMBINATION THEREOF.

6 (4) A DELEGATE ELECTED UNDER SUBSECTION (3) OF THIS SECTION
7 HAS ONE VOTE UNLESS VOTING POWER IS OTHERWISE ALLOCATED BY THE
8 ARTICLES OR BYLAWS.

9 PART 6

10 MEMBER'S INTEREST IN

11 LIMITED COOPERATIVE ASSOCIATION

12 **7-58-601. Member's interest.** (1) A MEMBER'S INTEREST:

13 (a) IS PERSONAL PROPERTY;

14 (b) CONSISTS OF:

15 (I) GOVERNANCE RIGHTS;

16 (II) FINANCIAL RIGHTS; AND

17 (III) THE RIGHT OR OBLIGATION, IF ANY, TO DO BUSINESS WITH THE
18 LIMITED COOPERATIVE ASSOCIATION; AND

19 (c) MAY BE IN CERTIFICATED OR UNCERTIFICATED FORM.

20 **7-58-602. Patron and investor members' interests.** (1) UNLESS
21 THE ARTICLES OR BYLAWS ESTABLISH INVESTOR MEMBERS' INTERESTS, A
22 MEMBER'S INTEREST IS A PATRON MEMBER'S INTEREST.

23 (2) UNLESS THE ARTICLES OR BYLAWS OTHERWISE PROVIDE, IF A
24 LIMITED COOPERATIVE ASSOCIATION HAS INVESTOR MEMBERS, WHILE A
25 PERSON IS A MEMBER OF THE ASSOCIATION, THE PERSON:

26 (a) IF ADMITTED AS A PATRON MEMBER, REMAINS A PATRON
27 MEMBER;

1 (b) IF ADMITTED AS AN INVESTOR MEMBER, REMAINS AN INVESTOR
2 MEMBER; AND

3 (c) IF ADMITTED AS A PATRON MEMBER AND INVESTOR MEMBER,
4 REMAINS A PATRON AND INVESTOR MEMBER IF NOT DISSOCIATED IN ONE
5 OF THE CAPACITIES.

6 **7-58-603. Transferability of member's interest.** (1) SECTION
7 7-90-104 APPLIES TO THIS ARTICLE.

8 (2) UNLESS THE ARTICLES OR BYLAWS OTHERWISE PROVIDE, A
9 MEMBER'S INTEREST OTHER THAN FINANCIAL RIGHTS IS NOT
10 TRANSFERABLE.

11 (3) UNLESS A TRANSFER IS RESTRICTED OR PROHIBITED BY THE
12 ARTICLES OR BYLAWS, A MEMBER MAY TRANSFER ITS FINANCIAL RIGHTS
13 IN THE LIMITED COOPERATIVE ASSOCIATION.

14 (4) THE TERMS OF ANY RESTRICTION ON TRANSFERABILITY OF
15 FINANCIAL RIGHTS MUST BE:

16 (a) SET FORTH IN THE ARTICLES OR BYLAWS AND THE MEMBER
17 RECORDS OF THE ASSOCIATION; AND

18 (b) CONSPICUOUSLY NOTED ON ANY CERTIFICATES EVIDENCING A
19 MEMBER'S INTEREST.

20 (5) A TRANSFEREE OF A MEMBER'S FINANCIAL RIGHTS, TO THE
21 EXTENT THE RIGHTS ARE TRANSFERRED, HAS THE RIGHT TO SHARE IN THE
22 ALLOCATION OF PROFITS OR LOSSES AND TO RECEIVE THE DISTRIBUTIONS
23 TO THE MEMBER TRANSFERRING THE INTEREST TO THE SAME EXTENT AS
24 THE TRANSFERRING MEMBER.

25 (6) A TRANSFEREE OF A MEMBER'S FINANCIAL RIGHTS DOES NOT
26 BECOME A MEMBER UPON TRANSFER OF THE RIGHTS UNLESS THE
27 TRANSFEREE IS ADMITTED AS A MEMBER BY THE LIMITED COOPERATIVE

1 ASSOCIATION.

2 (7) A LIMITED COOPERATIVE ASSOCIATION NEED NOT GIVE EFFECT
3 TO A TRANSFER UNDER THIS SECTION UNTIL THE ASSOCIATION HAS NOTICE
4 OF THE TRANSFER.

5 (8) A TRANSFER OF A MEMBER'S FINANCIAL RIGHTS IN VIOLATION
6 OF A RESTRICTION ON TRANSFER CONTAINED IN THE ARTICLES OR BYLAWS
7 IS INEFFECTIVE AS TO A PERSON HAVING NOTICE OF THE RESTRICTION AT
8 THE TIME OF TRANSFER.

9 **7-58-604. Security interest and set-off.** (1) A MEMBER OR
10 TRANSFEREE MAY CREATE AN ENFORCEABLE SECURITY INTEREST IN ITS
11 FINANCIAL RIGHTS IN A LIMITED COOPERATIVE ASSOCIATION.

12 (2) UNLESS THE ARTICLES OR BYLAWS OTHERWISE PROVIDE, A
13 MEMBER MAY NOT CREATE AN ENFORCEABLE SECURITY INTEREST IN THE
14 MEMBER'S GOVERNANCE RIGHTS IN, OR IN THE RIGHT OR OBLIGATION, IF
15 ANY, TO DO BUSINESS WITH, A LIMITED COOPERATIVE ASSOCIATION.

16 (3) THE ARTICLES OR BYLAWS MAY PROVIDE THAT A LIMITED
17 COOPERATIVE ASSOCIATION HAS A SECURITY INTEREST IN THE FINANCIAL
18 RIGHTS OF A MEMBER TO SECURE PAYMENT OF ANY INDEBTEDNESS OR
19 OTHER OBLIGATION OF THE MEMBER TO THE ASSOCIATION. A SECURITY
20 INTEREST PROVIDED FOR IN THE ARTICLES OR BYLAWS IS ENFORCEABLE
21 UNDER, AND GOVERNED BY, ARTICLE 9 OF TITLE 4, C.R.S.

22 (4) UNLESS THE ARTICLES OR BYLAWS OTHERWISE PROVIDE, A
23 MEMBER MAY NOT COMPEL THE LIMITED COOPERATIVE ASSOCIATION TO
24 OFFSET FINANCIAL RIGHTS AGAINST ANY INDEBTEDNESS OR OBLIGATION
25 OWED TO THE ASSOCIATION.

26 **7-58-605. Charging orders for judgment creditor of member**
27 **or transferee.** (1) ON APPLICATION BY A JUDGMENT CREDITOR OF A

1 MEMBER OR TRANSFEREE, A COURT MAY ENTER A CHARGING ORDER
2 AGAINST THE FINANCIAL RIGHTS OF THE JUDGMENT DEBTOR FOR THE
3 UNSATISFIED AMOUNT OF THE JUDGMENT. A CHARGING ORDER ISSUED
4 UNDER THIS SUBSECTION (1) CONSTITUTES A LIEN ON THE JUDGMENT
5 DEBTOR'S FINANCIAL RIGHTS AND REQUIRES THE LIMITED COOPERATIVE
6 ASSOCIATION TO PAY OVER TO THE CREDITOR OR RECEIVER, TO THE
7 EXTENT NECESSARY TO SATISFY THE JUDGMENT, ANY DISTRIBUTION THAT
8 WOULD OTHERWISE BE PAID TO THE JUDGMENT DEBTOR.

9 (2) TO THE EXTENT NECESSARY TO EFFECTUATE THE COLLECTION
10 OF DISTRIBUTIONS PURSUANT TO A CHARGING ORDER UNDER SUBSECTION
11 (1) OF THIS SECTION, THE COURT MAY:

12 (a) APPOINT A RECEIVER OF THE SHARE OF THE DISTRIBUTIONS DUE
13 OR TO BECOME DUE TO THE JUDGMENT DEBTOR UNDER THE JUDGMENT
14 DEBTOR'S FINANCIAL RIGHTS, WITH THE POWER TO MAKE ALL INQUIRIES
15 THE JUDGMENT DEBTOR MIGHT HAVE MADE; AND

16 (b) MAKE ALL OTHER ORDERS THAT THE CIRCUMSTANCES OF THE
17 CASE MAY REQUIRE TO GIVE EFFECT TO THE CHARGING ORDER.

18 (3) UPON A SHOWING THAT DISTRIBUTIONS UNDER A CHARGING
19 ORDER WILL NOT PAY THE JUDGMENT DEBT WITHIN A REASONABLE TIME,
20 THE COURT MAY FORECLOSE THE LIEN AND ORDER THE SALE OF THE
21 FINANCIAL RIGHTS. THE PURCHASER AT THE FORECLOSURE SALE OBTAINS
22 ONLY THE FINANCIAL RIGHTS THAT ARE SUBJECT TO THE CHARGING
23 ORDER, DOES NOT THEREBY BECOME A MEMBER, AND IS SUBJECT TO
24 SECTION 7-58-603.

25 (4) AT ANY TIME BEFORE A SALE PURSUANT TO A FORECLOSURE,
26 A MEMBER OR TRANSFEREE WHOSE FINANCIAL RIGHTS ARE SUBJECT TO A
27 CHARGING ORDER UNDER SUBSECTION (1) OF THIS SECTION MAY

1 EXTINGUISH THE CHARGING ORDER BY SATISFYING THE JUDGMENT AND
2 FILING A CERTIFIED COPY OF THE SATISFACTION WITH THE COURT THAT
3 ISSUED THE CHARGING ORDER.

4 (5) AT ANY TIME BEFORE SALE PURSUANT TO A FORECLOSURE, THE
5 LIMITED COOPERATIVE ASSOCIATION OR ONE OR MORE MEMBERS WHOSE
6 FINANCIAL RIGHTS ARE NOT SUBJECT TO THE CHARGING ORDER MAY PAY
7 TO THE JUDGMENT CREDITOR THE FULL AMOUNT DUE UNDER THE
8 JUDGMENT AND SUCCEED TO THE RIGHTS OF THE JUDGMENT CREDITOR,
9 INCLUDING THE CHARGING ORDER. UNLESS THE ARTICLES OR BYLAWS
10 OTHERWISE PROVIDE, THE ASSOCIATION MAY ACT UNDER THIS SUBSECTION
11 (5) ONLY WITH THE CONSENT OF ALL MEMBERS WHOSE FINANCIAL RIGHTS
12 ARE NOT SUBJECT TO THE CHARGING ORDER.

13 (6) THIS ARTICLE DOES NOT DEPRIVE ANY MEMBER OR TRANSFEREE
14 OF THE BENEFIT OF ANY EXEMPTION LAWS APPLICABLE TO THE MEMBER'S
15 OR TRANSFEREE'S FINANCIAL RIGHTS.

16 (7) THIS SECTION PROVIDES THE EXCLUSIVE REMEDY BY WHICH A
17 JUDGMENT CREDITOR OF A MEMBER OR TRANSFEREE MAY SATISFY THE
18 JUDGMENT FROM THE MEMBER'S OR TRANSFEREE'S FINANCIAL RIGHTS.

19 PART 7

20 MARKETING CONTRACTS

21 **7-58-701. Authority.** (1) IN THIS PART 7, "MARKETING
22 CONTRACT" MEANS A CONTRACT BETWEEN A LIMITED COOPERATIVE
23 ASSOCIATION AND ANOTHER PERSON, WHICH PERSON NEED NOT BE A
24 PATRON MEMBER:

25 (a) REQUIRING THE OTHER PERSON TO SELL, OR DELIVER FOR SALE
26 OR MARKETING ON THE PERSON'S BEHALF, A SPECIFIED PART OF THE
27 PERSON'S PRODUCTS, COMMODITIES, OR GOODS EXCLUSIVELY TO OR

1 THROUGH THE ASSOCIATION OR ANY FACILITIES FURNISHED BY THE
2 ASSOCIATION; OR

3 (b) AUTHORIZING THE ASSOCIATION TO ACT FOR THE PERSON IN
4 ANY MANNER WITH RESPECT TO THE PRODUCTS, COMMODITIES, OR GOODS.

5 **7-58-702. Marketing contracts.** (1) IF A MARKETING CONTRACT
6 PROVIDES FOR THE SALE OF PRODUCTS, COMMODITIES, OR GOODS TO A
7 LIMITED COOPERATIVE ASSOCIATION, THE SALE TRANSFERS TITLE TO THE
8 ASSOCIATION UPON DELIVERY OR AT ANY OTHER SPECIFIC TIME EXPRESSLY
9 PROVIDED BY THE CONTRACT.

10 (2) A MARKETING CONTRACT MAY:

11 (a) AUTHORIZE A LIMITED COOPERATIVE ASSOCIATION TO CREATE
12 AN ENFORCEABLE SECURITY INTEREST IN THE PRODUCTS, COMMODITIES,
13 OR GOODS DELIVERED; AND

14 (b) ALLOW THE ASSOCIATION TO SELL THE PRODUCTS,
15 COMMODITIES, OR GOODS DELIVERED AND PAY THE SALES PRICE ON A
16 POOLED OR OTHER BASIS AFTER DEDUCTING SELLING COSTS, PROCESSING
17 COSTS, OVERHEAD, EXPENSES, AND OTHER CHARGES.

18 (3) SOME OR ALL OF THE PROVISIONS OF A MARKETING CONTRACT
19 BETWEEN A PATRON MEMBER AND A LIMITED COOPERATIVE ASSOCIATION
20 MAY BE CONTAINED IN THE ARTICLES OR BYLAWS.

21 **7-58-703. Duration of marketing contract.** THE INITIAL
22 DURATION OF A MARKETING CONTRACT MAY NOT EXCEED TEN YEARS, BUT
23 THE CONTRACT MAY BE SELF-RENEWING FOR ADDITIONAL PERIODS NOT
24 EXCEEDING FIVE YEARS EACH. UNLESS THE CONTRACT PROVIDES FOR
25 ANOTHER MANNER OR TIME FOR TERMINATION, EITHER PARTY MAY
26 TERMINATE THE CONTRACT BY GIVING NOTICE IN A RECORD AT LEAST
27 NINETY DAYS BEFORE THE END OF THE CURRENT TERM.

1 (3) AN INDIVIDUAL IS NOT AN AGENT FOR A LIMITED COOPERATIVE
2 ASSOCIATION SOLELY BY BEING A DIRECTOR.

3 **7-58-802. No liability as director for limited cooperative**
4 **association's obligations.** A DEBT, OBLIGATION, OR OTHER LIABILITY OF
5 A LIMITED COOPERATIVE ASSOCIATION IS SOLELY THAT OF THE
6 ASSOCIATION AND IS NOT A DEBT, OBLIGATION, OR LIABILITY OF A
7 DIRECTOR SOLELY BY REASON OF BEING A DIRECTOR. AN INDIVIDUAL IS
8 NOT PERSONALLY LIABLE, DIRECTLY OR INDIRECTLY, FOR AN OBLIGATION
9 OF AN ASSOCIATION SOLELY BY REASON OF BEING A DIRECTOR.

10 **7-58-803. Qualifications of directors.** (1) UNLESS THE ARTICLES
11 OR BYLAWS OTHERWISE PROVIDE, AND SUBJECT TO SUBSECTION (3) OF
12 THIS SECTION, EACH DIRECTOR OF A LIMITED COOPERATIVE ASSOCIATION
13 MUST BE AN INDIVIDUAL WHO IS A MEMBER OF THE ASSOCIATION OR AN
14 INDIVIDUAL WHO IS DESIGNATED BY A MEMBER THAT IS NOT AN
15 INDIVIDUAL FOR PURPOSES OF QUALIFYING AND SERVING AS A DIRECTOR;
16 EXCEPT THAT INITIAL DIRECTORS NEED NOT BE MEMBERS OR DESIGNEES OF
17 A MEMBER. A DIRECTOR MUST BE AT LEAST EIGHTEEN YEARS OF AGE.

18 (2) UNLESS THE ARTICLES OR BYLAWS OTHERWISE PROVIDE, A
19 DIRECTOR MAY BE AN OFFICER OR EMPLOYEE OF THE LIMITED
20 COOPERATIVE ASSOCIATION.

21 (3) IF THE ARTICLES OR BYLAWS PROVIDE FOR NONMEMBER
22 DIRECTORS, THE NUMBER OF NONMEMBER DIRECTORS MAY NOT EXCEED:

- 23 (a) ONE, IF THERE ARE TWO TO FOUR DIRECTORS;
- 24 (b) TWO, IF THERE ARE FIVE TO EIGHT DIRECTORS; OR
- 25 (c) ONE-THIRD OF THE TOTAL NUMBER OF DIRECTORS IF THERE ARE
26 AT LEAST NINE DIRECTORS.

27 (4) THE ARTICLES OR BYLAWS MAY PROVIDE QUALIFICATIONS FOR

1 DIRECTORS IN ADDITION TO THOSE IN THIS SECTION.

2 **7-58-804. Election of directors and composition of board.**

3 (1) UNLESS THE ARTICLES OR BYLAWS REQUIRE A GREATER NUMBER:

4 (a) THE NUMBER OF DIRECTORS THAT MUST BE PATRON MEMBERS
5 MAY NOT BE FEWER THAN:

6 (I) ONE, IF THERE ARE TWO OR THREE DIRECTORS;

7 (II) TWO, IF THERE ARE FOUR OR FIVE DIRECTORS;

8 (III) THREE, IF THERE ARE SIX TO EIGHT DIRECTORS; OR

9 (IV) ONE-THIRD OF THE DIRECTORS IF THERE ARE AT LEAST NINE
10 DIRECTORS; AND

11 (b) A MAJORITY OF THE BOARD OF DIRECTORS MUST BE ELECTED
12 EXCLUSIVELY BY PATRON MEMBERS.

13 (2) UNLESS THE ARTICLES OR BYLAWS OTHERWISE PROVIDE, IF A
14 LIMITED COOPERATIVE ASSOCIATION HAS INVESTOR MEMBERS, DIRECTORS
15 WHO ARE INVESTOR MEMBERS AND WHO ARE NOT ELECTED EXCLUSIVELY
16 BY PATRON MEMBERS MUST BE ELECTED BY THE INVESTOR MEMBERS.

17 (3) UNLESS THE ARTICLES OR BYLAWS OTHERWISE PROVIDE, ALL
18 NONMEMBER DIRECTORS, IF ANY, MUST BE ELECTED BY THE PATRON
19 MEMBERS AND THE INVESTOR MEMBERS.

20 (4) SUBJECT TO SUBSECTION (1) OF THIS SECTION, THE ARTICLES
21 OR BYLAWS MAY PROVIDE FOR THE ELECTION OF ALL OR A SPECIFIED
22 NUMBER OF DIRECTORS BY ONE OR MORE DISTRICTS OR CLASSES OF
23 MEMBERS.

24 (5) SUBJECT TO SUBSECTION (1) OF THIS SECTION, THE ARTICLES
25 OR BYLAWS MAY PROVIDE FOR THE NOMINATION OR ELECTION OF
26 DIRECTORS BY DISTRICTS OR CLASSES, DIRECTLY OR BY DISTRICT
27 DELEGATES.

1 (6) IF A CLASS OF MEMBERS CONSISTS OF A SINGLE MEMBER, THE
2 ARTICLES OR BYLAWS MAY PROVIDE FOR THE MEMBER TO APPOINT A
3 DIRECTOR OR DIRECTORS.

4 (7) UNLESS THE ARTICLES OR BYLAWS OTHERWISE PROVIDE,
5 CUMULATIVE VOTING FOR DIRECTORS IS PROHIBITED.

6 (8) EXCEPT AS OTHERWISE PROVIDED BY THE ARTICLES, BYLAWS,
7 SUBSECTION (6) OF THIS SECTION, OR SECTION 7-58-303, 7-58-516,
8 7-58-517, OR 7-58-809, MEMBER DIRECTORS MUST BE ELECTED AT AN
9 ANNUAL MEMBERS MEETING.

10 **7-58-805. Term of director.** (1) UNLESS THE ARTICLES OR
11 BYLAWS OTHERWISE PROVIDE, AND SUBJECT TO SUBSECTIONS (3) AND (4)
12 OF THIS SECTION AND SECTION 7-58-304 (4), THE TERM OF A DIRECTOR
13 EXPIRES AT THE ANNUAL MEMBERS MEETING FOLLOWING THE DIRECTOR'S
14 ELECTION OR APPOINTMENT.

15 (2) UNLESS THE ARTICLES OR BYLAWS OTHERWISE PROVIDE, A
16 DIRECTOR MAY BE REELECTED.

17 (3) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (4) OF THIS
18 SECTION, A DIRECTOR CONTINUES TO SERVE UNTIL A SUCCESSOR DIRECTOR
19 IS ELECTED OR APPOINTED AND QUALIFIES OR THE DIRECTOR IS REMOVED,
20 RESIGNS, IS ADJUDGED INCOMPETENT, OR DIES.

21 (4) UNLESS THE ARTICLES OR BYLAWS OTHERWISE PROVIDE, A
22 DIRECTOR SHALL NOT SERVE THE REMAINDER OF THE DIRECTOR'S TERM IF
23 THE DIRECTOR CEASES TO QUALIFY TO BE A DIRECTOR.

24 **7-58-806. Resignation of director.** A DIRECTOR MAY RESIGN AT
25 ANY TIME BY GIVING NOTICE IN A RECORD TO THE LIMITED COOPERATIVE
26 ASSOCIATION. UNLESS THE NOTICE STATES A LATER EFFECTIVE DATE, A
27 RESIGNATION IS EFFECTIVE WHEN THE NOTICE IS RECEIVED BY THE

1 ASSOCIATION.

2 **7-58-807. Removal of director.** (1) UNLESS THE ARTICLES OR
3 BYLAWS OTHERWISE PROVIDE:

4 (a) MEMBERS MAY REMOVE A DIRECTOR WITH OR WITHOUT CAUSE.

5 (b) A MEMBER OR MEMBERS HOLDING AT LEAST TEN PERCENT OF
6 THE TOTAL VOTING POWER ENTITLED TO BE VOTED IN THE ELECTION OF A
7 DIRECTOR MAY DEMAND REMOVAL OF THE DIRECTOR BY ONE OR MORE
8 SIGNED PETITIONS SUBMITTED TO THE OFFICER OF THE LIMITED
9 COOPERATIVE ASSOCIATION CHARGED WITH KEEPING ITS RECORDS.

10 (c) UPON RECEIPT OF A PETITION FOR REMOVAL OF A DIRECTOR, AN
11 OFFICER OF THE ASSOCIATION OR THE BOARD OF DIRECTORS SHALL:

12 (I) CALL A SPECIAL MEETING OF MEMBERS TO BE HELD NOT LATER
13 THAN NINETY DAYS AFTER RECEIPT OF THE PETITION BY THE ASSOCIATION;
14 AND

15 (II) MAIL OR OTHERWISE TRANSMIT OR DELIVER IN A RECORD TO
16 THE MEMBERS ENTITLED TO VOTE ON THE REMOVAL, AND TO THE
17 DIRECTOR TO BE REMOVED, NOTICE OF THE MEETING THAT COMPLIES WITH
18 SECTION 7-58-508.

19 (d) A DIRECTOR IS REMOVED IF THE VOTES IN FAVOR OF REMOVAL
20 ARE EQUAL TO OR GREATER THAN THE VOTES REQUIRED TO ELECT THE
21 DIRECTOR.

22 **7-58-808. Suspension of director by board.** (1) A BOARD OF
23 DIRECTORS MAY SUSPEND A DIRECTOR IF, CONSIDERING THE DIRECTOR'S
24 COURSE OF CONDUCT AND THE INADEQUACY OF OTHER AVAILABLE
25 REMEDIES, IMMEDIATE SUSPENSION IS NECESSARY FOR THE BEST
26 INTERESTS OF THE ASSOCIATION AND THE DIRECTOR IS ENGAGING, OR HAS
27 ENGAGED, IN:

1 (a) FRAUDULENT CONDUCT WITH RESPECT TO THE ASSOCIATION OR
2 ITS MEMBERS;

3 (b) GROSS ABUSE OF THE POSITION OF DIRECTOR;

4 (c) INTENTIONAL OR RECKLESS INFLECTION OF HARM ON THE
5 ASSOCIATION; OR

6 (d) ANY OTHER BEHAVIOR, ACT, OR OMISSION AS PROVIDED BY THE
7 ARTICLES OR BYLAWS.

8 (2) A SUSPENSION UNDER SUBSECTION (1) OF THIS SECTION IS
9 EFFECTIVE FOR A PERIOD DETERMINED BY THE BOARD OF DIRECTORS, NOT
10 TO EXCEED SIXTY DAYS, UNLESS, BEFORE THE END OF THE SUSPENSION
11 PERIOD, THE BOARD CALLS AND GIVES NOTICE OF A SPECIAL MEETING OF
12 MEMBERS FOR REMOVAL OF THE DIRECTOR, IN WHICH CASE THE
13 SUSPENSION IS EFFECTIVE UNTIL THE EARLIER OF ADJOURNMENT OF THE
14 MEMBERS MEETING OR REMOVAL OF THE DIRECTOR.

15 **7-58-809. Vacancy on board.** (1) UNLESS THE ARTICLES OR
16 BYLAWS OTHERWISE PROVIDE, A VACANCY ON THE BOARD OF DIRECTORS
17 MUST BE FILLED:

18 (a) WITHIN A REASONABLE TIME BY MAJORITY VOTE OF THE
19 REMAINING DIRECTORS, UNTIL THE NEXT ANNUAL MEMBERS MEETING OR
20 A SPECIAL MEETING OF MEMBERS IS CALLED TO FILL THE VACANCY; AND

21 (b) FOR THE BALANCE OF THE UNEXPIRED TERM BY MEMBERS AT
22 THE NEXT ANNUAL MEMBERS MEETING OR A SPECIAL MEETING OF
23 MEMBERS CALLED TO FILL THE VACANCY.

24 (2) UNLESS THE ARTICLES OR BYLAWS OTHERWISE PROVIDE, IF A
25 VACATING DIRECTOR WAS ELECTED OR APPOINTED BY A CLASS OF
26 MEMBERS OR A DISTRICT:

27 (a) THE NEW DIRECTOR MUST BE OF THAT CLASS OR DISTRICT; AND

1 (b) THE SELECTION OF THE DIRECTOR FOR THE UNEXPIRED TERM
2 MUST BE CONDUCTED IN THE SAME MANNER AS WOULD THE SELECTION
3 FOR THAT POSITION WITHOUT A VACANCY.

4 (3) IF A MEMBER APPOINTED A VACATING DIRECTOR, THE ARTICLES
5 OR BYLAWS MAY PROVIDE FOR THAT MEMBER TO APPOINT A DIRECTOR TO
6 FILL THE VACANCY.

7 **7-58-810. Remuneration of directors.** UNLESS THE ARTICLES OR
8 BYLAWS OTHERWISE PROVIDE, THE BOARD OF DIRECTORS MAY SET THE
9 REMUNERATION OF DIRECTORS AND OF NONDIRECTOR COMMITTEE
10 MEMBERS APPOINTED UNDER SECTION 7-58-817 (1).

11 **7-58-811. Meetings.** (1) A BOARD OF DIRECTORS SHALL MEET AT
12 LEAST ANNUALLY AND MAY HOLD MEETINGS INSIDE OR OUTSIDE THIS
13 STATE.

14 (2) UNLESS THE ARTICLES OR BYLAWS OTHERWISE PROVIDE, A
15 BOARD OF DIRECTORS MAY PERMIT DIRECTORS TO ATTEND OR CONDUCT
16 BOARD MEETINGS THROUGH THE USE OF ANY MEANS OF COMMUNICATION
17 IF ALL DIRECTORS ATTENDING THE MEETING CAN COMMUNICATE WITH
18 EACH OTHER DURING THE MEETING.

19 **7-58-812. Action without meeting.** (1) UNLESS PROHIBITED BY
20 THE ARTICLES OR BYLAWS, ANY ACTION THAT MAY BE TAKEN BY A BOARD
21 OF DIRECTORS MAY BE TAKEN WITHOUT A MEETING IF EACH DIRECTOR
22 CONSENTS IN A RECORD TO THE ACTION.

23 (2) CONSENT UNDER SUBSECTION (1) OF THIS SECTION MAY BE
24 WITHDRAWN BY A DIRECTOR IN A RECORD AT ANY TIME BEFORE THE
25 LIMITED COOPERATIVE ASSOCIATION RECEIVES CONSENT FROM ALL
26 DIRECTORS.

27 (3) A RECORD OF CONSENT FOR ANY ACTION UNDER SUBSECTION

1 (1) OF THIS SECTION MAY SPECIFY THE EFFECTIVE DATE OR TIME OF THE
2 ACTION.

3 **7-58-813. Meetings - notice.** (1) UNLESS THE ARTICLES OR
4 BYLAWS OTHERWISE PROVIDE, A BOARD OF DIRECTORS MAY ESTABLISH A
5 TIME, DATE, AND PLACE FOR REGULAR BOARD MEETINGS, AND NOTICE OF
6 THE TIME, DATE, PLACE, OR PURPOSE OF THOSE MEETINGS IS NOT
7 REQUIRED.

8 (2) UNLESS THE ARTICLES OR BYLAWS OTHERWISE PROVIDE,
9 NOTICE OF THE TIME, DATE, AND PLACE OF A SPECIAL MEETING OF A BOARD
10 OF DIRECTORS MUST BE GIVEN TO ALL DIRECTORS AT LEAST THREE DAYS
11 BEFORE THE MEETING, THE NOTICE MUST CONTAIN A STATEMENT OF THE
12 PURPOSE OF THE MEETING, AND THE MEETING IS LIMITED TO THE MATTERS
13 CONTAINED IN THE STATEMENT.

14 **7-58-814. Waiver of notice of meeting.** (1) UNLESS THE
15 ARTICLES OR BYLAWS OTHERWISE PROVIDE, A DIRECTOR MAY WAIVE ANY
16 REQUIRED NOTICE OF A MEETING OF THE BOARD OF DIRECTORS IN A
17 RECORD BEFORE, DURING, OR AFTER THE MEETING.

18 (2) UNLESS THE ARTICLES OR BYLAWS OTHERWISE PROVIDE, A
19 DIRECTOR'S PARTICIPATION IN A MEETING IS A WAIVER OF NOTICE OF THAT
20 MEETING UNLESS:

21 (a) THE DIRECTOR OBJECTS TO THE MEETING AT THE BEGINNING OF
22 THE MEETING OR PROMPTLY UPON THE DIRECTOR'S ARRIVAL AT THE
23 MEETING AND DOES NOT THEREAFTER VOTE IN FAVOR OF OR OTHERWISE
24 ASSENT TO THE ACTION TAKEN AT THE MEETING; OR

25 (b) THE DIRECTOR PROMPTLY OBJECTS UPON THE INTRODUCTION
26 OF ANY MATTER FOR WHICH NOTICE UNDER SECTION 7-58-813 IS REQUIRED
27 AND HAS NOT BEEN GIVEN AND DOES NOT THEREAFTER VOTE IN FAVOR OF

1 OR OTHERWISE ASSENT TO THE ACTION TAKEN ON THE MATTER.

2 **7-58-815. Quorum.** (1) UNLESS THE ARTICLES OR BYLAWS
3 PROVIDE FOR A GREATER NUMBER, A MAJORITY OF THE TOTAL NUMBER OF
4 DIRECTORS SPECIFIED BY THE ARTICLES OR BYLAWS CONSTITUTES A
5 QUORUM FOR A MEETING OF THE DIRECTORS.

6 (2) IF A QUORUM OF THE BOARD OF DIRECTORS IS PRESENT AT THE
7 BEGINNING OF A MEETING, ANY ACTION TAKEN BY THE DIRECTORS
8 PRESENT IS VALID EVEN IF WITHDRAWAL OF DIRECTORS ORIGINALLY
9 PRESENT RESULTS IN THE NUMBER OF DIRECTORS BEING FEWER THAN THE
10 NUMBER REQUIRED FOR A QUORUM.

11 (3) A DIRECTOR PRESENT AT A MEETING BUT OBJECTING TO NOTICE
12 UNDER SECTION 7-58-814 (2) DOES NOT COUNT TOWARD A QUORUM.

13 **7-58-816. Voting.** (1) EACH DIRECTOR HAS ONE VOTE FOR
14 PURPOSES OF DECISIONS MADE BY THE BOARD OF DIRECTORS.

15 (2) UNLESS THE ARTICLES OR BYLAWS OTHERWISE PROVIDE, THE
16 AFFIRMATIVE VOTE OF A MAJORITY OF DIRECTORS PRESENT AT A MEETING
17 IS REQUIRED FOR ACTION BY THE BOARD OF DIRECTORS.

18 **7-58-817. Committees.** (1) UNLESS THE ARTICLES OR BYLAWS
19 OTHERWISE PROVIDE, A BOARD OF DIRECTORS MAY CREATE ONE OR MORE
20 COMMITTEES AND APPOINT ONE OR MORE INDIVIDUALS TO SERVE ON A
21 COMMITTEE.

22 (2) UNLESS THE ARTICLES OR BYLAWS OTHERWISE PROVIDE, AN
23 INDIVIDUAL APPOINTED TO SERVE ON A COMMITTEE OF A LIMITED
24 COOPERATIVE ASSOCIATION NEED NOT BE A DIRECTOR OR MEMBER.

25 (3) AN INDIVIDUAL WHO IS NOT A DIRECTOR AND IS SERVING ON A
26 COMMITTEE HAS, WITH RESPECT TO THE SUBJECT MATTER OF THE
27 COMMITTEE, THE SAME RIGHTS, DUTIES, AND OBLIGATIONS AS A DIRECTOR

1 SERVING ON THE COMMITTEE.

2 (4) UNLESS THE ARTICLES OR BYLAWS OTHERWISE PROVIDE, AND
3 SUBJECT TO THE OVERSIGHT RESPONSIBILITY OF THE BOARD OF DIRECTORS,
4 EACH COMMITTEE OF A LIMITED COOPERATIVE ASSOCIATION MAY
5 EXERCISE THE POWERS DELEGATED TO IT BY THE BOARD OF DIRECTORS,
6 BUT A COMMITTEE MAY NOT:

7 (a) APPROVE ALLOCATIONS OR DISTRIBUTIONS EXCEPT ACCORDING
8 TO A FORMULA OR METHOD PRESCRIBED BY THE BOARD OF DIRECTORS;

9 (b) APPROVE OR PROPOSE TO MEMBERS ACTION REQUIRING
10 APPROVAL OF MEMBERS; OR

11 (c) FILL VACANCIES ON THE BOARD OF DIRECTORS OR ANY OF ITS
12 COMMITTEES.

13 **7-58-818. Standards of conduct and liability.** (1) EXCEPT AS
14 OTHERWISE PROVIDED IN SECTION 7-58-820:

15 (a) THE DISCHARGE OF THE DUTIES OF A DIRECTOR OR MEMBER OF
16 A COMMITTEE OF THE BOARD OF DIRECTORS IS GOVERNED BY THE LAW
17 APPLICABLE TO DIRECTORS OF ENTITIES ORGANIZED UNDER THE
18 "COLORADO BUSINESS CORPORATION ACT", ARTICLES 101 TO 117 OF THIS
19 TITLE; AND

20 (b) THE LIABILITY OF A DIRECTOR OR MEMBER OF A COMMITTEE OF
21 THE BOARD OF DIRECTORS IS GOVERNED BY THE LAW APPLICABLE TO
22 DIRECTORS OF ENTITIES ORGANIZED UNDER THE "COLORADO BUSINESS
23 CORPORATION ACT", ARTICLES 101 TO 117 OF THIS TITLE.

24 **7-58-819. Conflict of interest.** (1) THE LAW APPLICABLE TO
25 CONFLICTS OF INTEREST RELATING TO A DIRECTOR OF AN ENTITY
26 ORGANIZED UNDER THE "COLORADO BUSINESS CORPORATION ACT",
27 ARTICLES 101 TO 117 OF THIS TITLE, GOVERNS CONFLICTS OF INTEREST

1 RELATING TO A LIMITED COOPERATIVE ASSOCIATION AND A DIRECTOR.

2 (2) A DIRECTOR DOES NOT HAVE A CONFLICT OF INTEREST UNDER
3 THIS ARTICLE OR THE ARTICLES AND BYLAWS SOLELY BECAUSE THE
4 DIRECTOR'S CONDUCT RELATING TO THE DUTIES OF THE DIRECTOR MAY
5 FURTHER THE DIRECTOR'S OWN INTEREST.

6 **7-58-820. Other considerations of directors.** (1) UNLESS THE
7 ARTICLES OTHERWISE PROVIDE, IN CONSIDERING THE BEST INTERESTS OF
8 A LIMITED COOPERATIVE ASSOCIATION, A DIRECTOR OF THE ASSOCIATION
9 IN DISCHARGING THE DUTIES OF DIRECTOR, IN CONJUNCTION WITH
10 CONSIDERING THE LONG- AND SHORT-TERM INTEREST OF THE ASSOCIATION
11 AND ITS MEMBERS, MAY CONSIDER:

12 (a) THE INTEREST OF EMPLOYEES, CUSTOMERS, AND SUPPLIERS OF
13 THE ASSOCIATION;

14 (b) THE INTEREST OF THE COMMUNITY IN WHICH THE ASSOCIATION
15 OPERATES; AND

16 (c) OTHER COOPERATIVE PRINCIPLES AND VALUES THAT MAY BE
17 APPLIED IN THE CONTEXT OF THE DECISION.

18 **7-58-821. Right of director or committee member to**
19 **information.** A DIRECTOR OR A MEMBER OF A COMMITTEE APPOINTED
20 UNDER SECTION 7-58-817 MAY OBTAIN, INSPECT, AND COPY ALL
21 INFORMATION REGARDING THE STATE OF ACTIVITIES AND FINANCIAL
22 CONDITION OF THE LIMITED COOPERATIVE ASSOCIATION AND OTHER
23 INFORMATION REGARDING THE ACTIVITIES OF THE ASSOCIATION IF THE
24 INFORMATION IS REASONABLY RELATED TO THE PERFORMANCE OF THE
25 DIRECTOR'S DUTIES AS DIRECTOR OR THE COMMITTEE MEMBER'S DUTIES AS
26 A MEMBER OF THE COMMITTEE. INFORMATION OBTAINED IN ACCORDANCE
27 WITH THIS SECTION MAY NOT BE USED BY A DIRECTOR OR A COMMITTEE

1 MEMBER IN ANY MANNER THAT WOULD VIOLATE ANY DUTY OF OR TO THE
2 ASSOCIATION.

3 **7-58-822. Appointment and authority of officers.** (1) A
4 LIMITED COOPERATIVE ASSOCIATION HAS THE OFFICERS:

5 (a) PROVIDED IN THE ARTICLES OR BYLAWS; OR

6 (b) ESTABLISHED BY THE BOARD OF DIRECTORS IN A MANNER NOT
7 INCONSISTENT WITH THE ARTICLES AND BYLAWS.

8 (2) THE ARTICLES OR BYLAWS MAY DESIGNATE OR, IF THE
9 ARTICLES OR BYLAWS DO NOT DESIGNATE, THE BOARD OF DIRECTORS
10 SHALL DESIGNATE, ONE OF THE ASSOCIATION'S OFFICERS FOR PREPARING
11 ALL RECORDS REQUIRED BY SECTION 7-58-112 AND FOR THE
12 AUTHENTICATION OF RECORDS.

13 (3) UNLESS THE ARTICLES OR BYLAWS OTHERWISE PROVIDE, THE
14 BOARD OF DIRECTORS SHALL APPOINT THE OFFICERS OF THE LIMITED
15 COOPERATIVE ASSOCIATION.

16 (4) OFFICERS OF A LIMITED COOPERATIVE ASSOCIATION SHALL
17 PERFORM THE DUTIES THE ARTICLES AND BYLAWS PRESCRIBE OR AS
18 AUTHORIZED BY THE BOARD OF DIRECTORS IN A MANNER NOT
19 INCONSISTENT WITH THE ARTICLES AND BYLAWS.

20 (5) THE ELECTION OR APPOINTMENT OF AN OFFICER OF A LIMITED
21 COOPERATIVE ASSOCIATION DOES NOT OF ITSELF CREATE A CONTRACT
22 BETWEEN THE ASSOCIATION AND THE OFFICER.

23 (6) UNLESS THE ARTICLES OR BYLAWS OTHERWISE PROVIDE, AN
24 INDIVIDUAL MAY SIMULTANEOUSLY HOLD MORE THAN ONE OFFICE IN A
25 LIMITED COOPERATIVE ASSOCIATION.

26 **7-58-823. Resignation and removal of officers.** (1) THE BOARD
27 OF DIRECTORS MAY REMOVE AN OFFICER AT ANY TIME WITH OR WITHOUT

1 CAUSE.

2 (2) AN OFFICER OF A LIMITED COOPERATIVE ASSOCIATION MAY
3 RESIGN AT ANY TIME BY GIVING NOTICE IN A RECORD TO THE ASSOCIATION.
4 UNLESS THE NOTICE SPECIFIES A LATER TIME, THE RESIGNATION IS
5 EFFECTIVE WHEN THE NOTICE IS RECEIVED BY THE ASSOCIATION.

6 PART 9

7 INDEMNIFICATION

8 **7-58-901. Indemnification.** (1) INDEMNIFICATION OF AN
9 INDIVIDUAL WHO HAS INCURRED LIABILITY OR IS A PARTY, OR IS
10 THREATENED TO BE MADE A PARTY, TO LITIGATION BECAUSE OF THE
11 PERFORMANCE OF A DUTY TO, OR ACTIVITY ON BEHALF OF, A LIMITED
12 COOPERATIVE ASSOCIATION IS GOVERNED BY THE "COLORADO BUSINESS
13 CORPORATION ACT", ARTICLES 101 TO 117 OF THIS TITLE.

14 (2) A LIMITED COOPERATIVE ASSOCIATION MAY PURCHASE AND
15 MAINTAIN INSURANCE ON BEHALF OF ANY INDIVIDUAL AGAINST LIABILITY
16 ASSERTED AGAINST OR INCURRED BY THE INDIVIDUAL TO THE SAME
17 EXTENT AND SUBJECT TO THE SAME CONDITIONS AS PROVIDED BY THE
18 "COLORADO BUSINESS CORPORATION ACT", ARTICLES 101 TO 117 OF THIS
19 TITLE.

20 PART 10

21 CONTRIBUTIONS, ALLOCATIONS, AND DISTRIBUTIONS

22 **7-58-1001. Members' contributions.** THE ARTICLES OR BYLAWS
23 MUST ESTABLISH THE AMOUNT, MANNER, OR METHOD OF DETERMINING
24 ANY CONTRIBUTION REQUIREMENTS FOR MEMBERS OR MUST AUTHORIZE
25 THE BOARD OF DIRECTORS TO ESTABLISH THE AMOUNT, MANNER, OR
26 OTHER METHOD OF DETERMINING ANY CONTRIBUTION REQUIREMENTS FOR
27 MEMBERS.

1 **7-58-1002. Contribution and valuation.** (1) UNLESS THE
2 ARTICLES OR BYLAWS OTHERWISE PROVIDE, THE CONTRIBUTIONS OF A
3 MEMBER TO A LIMITED COOPERATIVE ASSOCIATION MAY CONSIST OF
4 TANGIBLE OR INTANGIBLE PROPERTY OR OTHER BENEFIT TO THE
5 ASSOCIATION, INCLUDING MONEY, LABOR OR OTHER SERVICES PERFORMED
6 OR TO BE PERFORMED, PROMISSORY NOTES, OTHER AGREEMENTS TO
7 CONTRIBUTE MONEY OR PROPERTY, AND CONTRACTS TO BE PERFORMED.

8 (2) THE RECEIPT AND ACCEPTANCE OF CONTRIBUTIONS AND THE
9 VALUATION OF CONTRIBUTIONS MUST BE REFLECTED IN A LIMITED
10 COOPERATIVE ASSOCIATION'S RECORDS.

11 (3) UNLESS THE ARTICLES OR BYLAWS OTHERWISE PROVIDE, THE
12 BOARD OF DIRECTORS SHALL DETERMINE THE VALUE OF A MEMBER'S
13 CONTRIBUTIONS RECEIVED OR TO BE RECEIVED, AND THE DETERMINATION
14 BY THE BOARD OF DIRECTORS OF VALUATION IS CONCLUSIVE FOR
15 PURPOSES OF DETERMINING WHETHER THE MEMBER'S CONTRIBUTION
16 OBLIGATION HAS BEEN MET.

17 **7-58-1003. Contribution agreements.** PERSONS MAY ENTER
18 INTO AGREEMENTS TO MAKE CONTRIBUTIONS TO A LIMITED COOPERATIVE
19 ASSOCIATION BEFORE OR AFTER IT IS FORMED. THOSE AGREEMENTS ARE
20 ENFORCEABLE BY THE ASSOCIATION IN ACCORDANCE WITH THEIR TERMS.

21 **7-58-1004. Allocations of profits and losses.** (1) UNLESS THE
22 ARTICLES OR BYLAWS OTHERWISE PROVIDE, ALL PROFITS AND LOSSES OF
23 A LIMITED COOPERATIVE ASSOCIATION MUST BE ALLOCATED TO PATRON
24 MEMBERS. UNLESS THE ARTICLES OR BYLAWS OTHERWISE PROVIDE,
25 LOSSES OF THE ASSOCIATION MUST BE ALLOCATED IN THE SAME
26 PROPORTION AS PROFITS.

27 (2) THE ARTICLES OR BYLAWS MAY PROVIDE FOR ALLOCATING

1 PROFITS OF A LIMITED COOPERATIVE ASSOCIATION AMONG MEMBERS,
2 AMONG PERSONS THAT ARE NOT MEMBERS BUT CONDUCT BUSINESS WITH
3 THE ASSOCIATION, TO AN UNALLOCATED ACCOUNT, OR TO ANY
4 COMBINATION THEREOF.

5 (3) IF A LIMITED COOPERATIVE ASSOCIATION HAS INVESTOR
6 MEMBERS, THE ARTICLES OR BYLAWS MAY NOT REDUCE THE ALLOCATION
7 TO PATRON MEMBERS TO LESS THAN FIFTY PERCENT OF PROFITS. FOR
8 PURPOSES OF THIS SUBSECTION (3), THE FOLLOWING RULES APPLY:

9 (a) AMOUNTS PAID OR DUE ON CONTRACTS FOR THE DELIVERY TO
10 THE ASSOCIATION BY PATRON MEMBERS OF PRODUCTS, GOODS, OR
11 SERVICES ARE NOT CONSIDERED AMOUNTS ALLOCATED TO PATRON
12 MEMBERS.

13 (b) AMOUNTS PAID, DUE, OR ALLOCATED TO INVESTOR MEMBERS
14 AS A STATED FIXED OR VARIABLE RATE OF RETURN ON INVESTMENT ARE
15 NOT CONSIDERED AMOUNTS ALLOCATED TO INVESTOR MEMBERS IF THE
16 DETERMINATION OF THE RETURN IS NOT RELATED TO OR BASED ON
17 PROFITS.

18 (4) UNLESS PROHIBITED BY THE ARTICLES OR BYLAWS, IN
19 DETERMINING THE PROFITS FOR ALLOCATION UNDER SUBSECTIONS (1), (2),
20 AND (3) OF THIS SECTION, THE BOARD OF DIRECTORS MAY FIRST DEDUCT
21 AND SET ASIDE A PART OF THE PROFITS TO CREATE OR ACCUMULATE:

22 (a) UNALLOCATED CAPITAL; AND

23 (b) REASONABLE UNALLOCATED RESERVES FOR SPECIFIC
24 PURPOSES, INCLUDING EXPANSION AND REPLACEMENT OF CAPITAL ASSETS;
25 EDUCATION, TRAINING, AND COOPERATIVE DEVELOPMENT; CREATION AND
26 DISTRIBUTION OF INFORMATION CONCERNING PRINCIPLES OF
27 COOPERATION; AND COMMUNITY RESPONSIBILITY.

1 (5) SUBJECT TO SUBSECTIONS (1) AND (6) OF THIS SECTION AND
2 THE ARTICLES AND BYLAWS, THE BOARD OF DIRECTORS SHALL ALLOCATE
3 THE AMOUNT REMAINING AFTER ANY DEDUCTION OR SETTING ASIDE OF
4 AMOUNTS UNDER SUBSECTION (4) OF THIS SECTION:

5 (a) TO PATRON MEMBERS IN THE RATIO OF EACH MEMBER'S
6 PATRONAGE TO THE TOTAL PATRONAGE OF ALL PATRON MEMBERS DURING
7 THE PERIOD FOR WHICH ALLOCATIONS ARE TO BE MADE; AND

8 (b) TO INVESTOR MEMBERS, IF ANY, IN THE RATIO OF EACH
9 INVESTOR MEMBER'S CONTRIBUTIONS TO THE TOTAL CONTRIBUTIONS OF
10 ALL INVESTOR MEMBERS.

11 (6) FOR PURPOSES OF ALLOCATION OF PROFITS AND LOSSES OR
12 SPECIFIC ITEMS OF PROFITS OR LOSSES OF A LIMITED COOPERATIVE
13 ASSOCIATION TO MEMBERS, THE ARTICLES OR BYLAWS MAY ESTABLISH
14 ALLOCATION UNITS OR METHODS BASED ON SEPARATE CLASSES OF
15 MEMBERS OR, FOR PATRON MEMBERS, ON CLASS, FUNCTION, DIVISION,
16 DISTRICT, DEPARTMENT, ALLOCATION UNITS, POOLING ARRANGEMENTS,
17 MEMBERS' CONTRIBUTIONS, OR OTHER EQUITABLE METHODS.

18 **7-58-1005. Distributions.** (1) UNLESS THE ARTICLES OR BYLAWS
19 OTHERWISE PROVIDE AND SUBJECT TO SECTION 7-58-1007, THE BOARD OF
20 DIRECTORS MAY AUTHORIZE, AND THE LIMITED COOPERATIVE
21 ASSOCIATION MAY MAKE, DISTRIBUTIONS TO MEMBERS.

22 (2) UNLESS THE ARTICLES OR BYLAWS OTHERWISE PROVIDE,
23 DISTRIBUTIONS TO MEMBERS MAY BE MADE IN ANY FORM, INCLUDING
24 MONEY, CAPITAL CREDITS, ALLOCATED PATRONAGE EQUITIES, REVOLVING
25 FUND CERTIFICATES, AND THE LIMITED COOPERATIVE ASSOCIATION'S OWN
26 OR OTHER SECURITIES.

27 **7-58-1006. Redemption or repurchase.** PROPERTY DISTRIBUTED

1 TO A MEMBER BY A LIMITED COOPERATIVE ASSOCIATION, OTHER THAN
2 MONEY, MAY BE REDEEMED OR REPURCHASED AS PROVIDED IN THE
3 ARTICLES OR BYLAWS, BUT A REDEMPTION OR REPURCHASE MAY NOT BE
4 MADE WITHOUT AUTHORIZATION BY THE BOARD OF DIRECTORS. THE
5 BOARD MAY WITHHOLD AUTHORIZATION FOR ANY REASON IN ITS SOLE
6 DISCRETION. A REDEMPTION OR REPURCHASE IS TREATED AS A
7 DISTRIBUTION FOR PURPOSES OF SECTION 7-58-1007.

8 **7-58-1007. Limitation on distributions.** (1) A LIMITED
9 COOPERATIVE ASSOCIATION MAY NOT MAKE A DISTRIBUTION IF, AFTER THE
10 DISTRIBUTION:

11 (a) THE ASSOCIATION WOULD NOT BE ABLE TO PAY ITS DEBTS AS
12 THEY BECOME DUE IN THE ORDINARY COURSE OF THE ASSOCIATION'S
13 ACTIVITIES; OR

14 (b) THE ASSOCIATION'S ASSETS WOULD BE LESS THAN THE SUM OF
15 ITS TOTAL LIABILITIES.

16 (2) A LIMITED COOPERATIVE ASSOCIATION MAY BASE A
17 DETERMINATION THAT A DISTRIBUTION IS NOT PROHIBITED UNDER
18 SUBSECTION (1) OF THIS SECTION ON FINANCIAL STATEMENTS PREPARED
19 ON THE BASIS OF ACCOUNTING PRACTICES AND PRINCIPLES THAT ARE
20 REASONABLE IN THE CIRCUMSTANCES OR ON A FAIR VALUATION OR OTHER
21 METHOD THAT IS REASONABLE IN THE CIRCUMSTANCES.

22 (3) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (4) OF THIS
23 SECTION, THE EFFECT OF A DISTRIBUTION ALLOWED UNDER SUBSECTION (2)
24 OF THIS SECTION IS MEASURED:

25 (a) IN THE CASE OF DISTRIBUTION BY PURCHASE, REDEMPTION, OR
26 OTHER ACQUISITION OF FINANCIAL RIGHTS IN THE LIMITED COOPERATIVE
27 ASSOCIATION, AS OF THE DATE MONEY OR OTHER PROPERTY IS

1 TRANSFERRED OR DEBT IS INCURRED BY THE ASSOCIATION; AND

2 (b) IN ALL OTHER CASES, AS OF THE DATE:

3 (I) THE DISTRIBUTION IS AUTHORIZED, IF THE PAYMENT OCCURS
4 NOT LATER THAN ONE HUNDRED TWENTY DAYS AFTER THAT DATE; OR

5 (II) THE PAYMENT IS MADE, IF PAYMENT OCCURS MORE THAN ONE
6 HUNDRED TWENTY DAYS AFTER THE DISTRIBUTION IS AUTHORIZED.

7 (4) IF INDEBTEDNESS IS ISSUED AS A DISTRIBUTION, EACH PAYMENT
8 OF PRINCIPAL OR INTEREST ON THE INDEBTEDNESS IS TREATED AS A
9 DISTRIBUTION, THE EFFECT OF WHICH IS MEASURED ON THE DATE THE
10 PAYMENT IS MADE.

11 (5) FOR PURPOSES OF THIS SECTION, "DISTRIBUTION" DOES NOT
12 INCLUDE REASONABLE AMOUNTS PAID TO A MEMBER IN THE ORDINARY
13 COURSE OF BUSINESS AS PAYMENT OR COMPENSATION FOR COMMODITIES,
14 GOODS, PAST OR PRESENT SERVICES, OR REASONABLE PAYMENTS MADE IN
15 THE ORDINARY COURSE OF BUSINESS UNDER A BONA FIDE EMPLOYEE
16 RETIREMENT OR OTHER BENEFITS PROGRAM.

17 **7-58-1008. Liability for improper distributions - limitation of**

18 **action.** (1) A DIRECTOR WHO CONSENTS TO A DISTRIBUTION THAT
19 VIOLATES SECTION 7-58-1007 IS PERSONALLY LIABLE TO THE LIMITED
20 COOPERATIVE ASSOCIATION FOR THE AMOUNT OF THE DISTRIBUTION THAT
21 EXCEEDS THE AMOUNT THAT COULD HAVE BEEN DISTRIBUTED WITHOUT
22 THE VIOLATION IF IT IS ESTABLISHED THAT, IN CONSENTING TO THE
23 DISTRIBUTION, THE DIRECTOR FAILED TO COMPLY WITH SECTION 7-58-818
24 OR 7-58-819.

25 (2) A MEMBER OR TRANSFEREE OF FINANCIAL RIGHTS THAT
26 RECEIVED A DISTRIBUTION KNOWING THAT THE DISTRIBUTION WAS MADE
27 IN VIOLATION OF SECTION 7-58-1007 IS PERSONALLY LIABLE TO THE

1 LIMITED COOPERATIVE ASSOCIATION TO THE EXTENT THAT THE
2 DISTRIBUTION EXCEEDED THE AMOUNT THAT COULD HAVE BEEN PROPERLY
3 PAID.

4 (3) A DIRECTOR AGAINST WHOM AN ACTION IS COMMENCED UNDER
5 SUBSECTION (1) OF THIS SECTION MAY:

6 (a) IMPEAD IN THE ACTION ANY OTHER DIRECTOR WHO IS LIABLE
7 UNDER SUBSECTION (1) OF THIS SECTION AND COMPEL CONTRIBUTION
8 FROM THE DIRECTOR; AND

9 (b) IMPEAD IN THE ACTION ANY PERSON THAT IS LIABLE UNDER
10 SUBSECTION (2) OF THIS SECTION AND COMPEL CONTRIBUTION FROM THE
11 PERSON IN THE AMOUNT THE PERSON RECEIVED AS DESCRIBED IN
12 SUBSECTION (2) OF THIS SECTION.

13 (4) AN ACTION UNDER THIS SECTION IS BARRED IF IT IS
14 COMMENCED LATER THAN THREE YEARS AFTER THE DISTRIBUTION.

15 **7-58-1009. Relation to state securities law.** ANY SECURITY,
16 PATRONAGE REFUND, PER UNIT RETAIN CERTIFICATE, CAPITAL CREDIT,
17 EVIDENCE OF MEMBERSHIP, PREFERRED EQUITY CERTIFICATE, OR OTHER
18 EQUITY INSTRUMENT ISSUED, SOLD, OR REPORTED BY A LIMITED
19 COOPERATIVE ASSOCIATION AS AN INVESTMENT IN ITS STOCK OR CAPITAL
20 TO THE PATRON MEMBERS OF THE ASSOCIATION OR BY AN ENTITY SUBJECT
21 TO THIS ARTICLE OR A SIMILAR LAW OF ANY OTHER JURISDICTION AND
22 AUTHORIZED TO TRANSACT BUSINESS OR CONDUCT ACTIVITIES IN THIS
23 STATE IS EXEMPT FROM THE SECURITIES LAWS CONTAINED IN THE
24 "COLORADO SECURITIES ACT", ARTICLE 51 OF TITLE 11, C.R.S. SUCH
25 SECURITIES, PATRONAGE REFUNDS, PER UNIT RETAIN CERTIFICATES,
26 CAPITAL CREDITS, OR EVIDENCES OF MEMBERSHIP, PREFERRED EQUITY
27 CERTIFICATES, OR OTHER EQUITY INSTRUMENTS MAY BE ISSUED, SOLD, OR

1 REPORTED TO PATRON MEMBERS OF THE ASSOCIATION OR ENTITY
2 LAWFULLY BY THE ISSUER OR ITS DIRECTORS, OFFICERS, MEMBERS, OR
3 SALARIED EMPLOYEES WITHOUT THE NECESSITY OF THE ISSUE OR ITS
4 DIRECTORS, OFFICERS, MEMBERS, OR EMPLOYEES BEING REGISTERED AS
5 BROKERS OR DEALERS UNDER THE "COLORADO SECURITIES ACT", ARTICLE
6 51 OF TITLE 11, C.R.S.

7 **7-58-1010. Alternative distribution of unclaimed property,**
8 **distributions, redemptions, or payments.** A LIMITED COOPERATIVE
9 ASSOCIATION MAY PROVIDE IN ITS ARTICLES OR BYLAWS FOR THE
10 DISPOSITION OF FUNDS WHEN DECLARED PAYABLE BY THE ASSOCIATION
11 AND REMAINING UNCLAIMED BY THE HOLDER FOR THREE YEARS AFTER
12 NOTIFICATION HAS BEEN MAILED TO THE HOLDER'S LAST-KNOWN ADDRESS
13 OF RECORD ON THE BOOKS OF THE ASSOCIATION, WHICH DISPOSITION MAY
14 CONSIST OF TRANSFERRING THE FUNDS TO THE GENERAL OPERATING
15 ACCOUNT OF THE ASSOCIATION.

16 PART 11

17 DISSOCIATION

18 **7-58-1101. Member's dissociation.** (1) A MEMBER HAS THE
19 POWER TO DISSOCIATE AT ANY TIME, RIGHTFULLY OR WRONGFULLY, BY
20 NOTICE IN A RECORD.

21 (2) UNLESS THE ARTICLES OR BYLAWS OTHERWISE PROVIDE, A
22 MEMBER'S DISSOCIATION FROM A LIMITED COOPERATIVE ASSOCIATION IS
23 WRONGFUL ONLY IF THE DISSOCIATION:

24 (a) BREACHES AN EXPRESS PROVISION OF THE ARTICLES OR
25 BYLAWS; OR

26 (b) OCCURS BEFORE THE TERMINATION OF THE LIMITED
27 COOPERATIVE ASSOCIATION AND:

1 (I) THE PERSON IS EXPELLED AS A MEMBER UNDER PARAGRAPH (c)
2 OR (d) OF SUBSECTION (4) OF THIS SECTION; OR

3 (II) IN THE CASE OF A PERSON THAT IS NOT AN INDIVIDUAL, TRUST
4 OTHER THAN A BUSINESS TRUST, OR ESTATE, THE PERSON IS EXPELLED OR
5 OTHERWISE DISSOCIATED AS A MEMBER BECAUSE IT DISSOLVED OR
6 TERMINATED IN BAD FAITH.

7 (3) UNLESS THE ARTICLES OR BYLAWS OTHERWISE PROVIDE, A
8 PERSON THAT WRONGFULLY DISSOCIATES AS A MEMBER IS LIABLE TO THE
9 LIMITED COOPERATIVE ASSOCIATION FOR DAMAGES CAUSED BY THE
10 DISSOCIATION. THE LIABILITY IS IN ADDITION TO ANY OTHER DEBT,
11 OBLIGATION, OR LIABILITY OF THE PERSON TO THE ASSOCIATION.

12 (4) A MEMBER IS DISSOCIATED FROM THE LIMITED COOPERATIVE
13 ASSOCIATION AS A MEMBER WHEN:

14 (a) THE ASSOCIATION RECEIVES NOTICE FROM THE MEMBER IN A
15 RECORD OF DISSOCIATION AS A MEMBER OR, IF THE MEMBER SPECIFIES IN
16 THE NOTICE AN EFFECTIVE DATE LATER THAN THE DATE THE ASSOCIATION
17 RECEIVED NOTICE, ON THAT LATER DATE;

18 (b) AN EVENT STATED IN THE ARTICLES OR BYLAWS AS CAUSING
19 THE MEMBER'S DISSOCIATION AS A MEMBER OCCURS;

20 (c) THE MEMBER IS EXPELLED AS A MEMBER UNDER THE ARTICLES
21 OR BYLAWS;

22 (d) THE MEMBER IS EXPELLED AS A MEMBER BY THE BOARD OF
23 DIRECTORS BECAUSE:

24 (I) IT IS UNLAWFUL TO CARRY ON THE ASSOCIATION'S ACTIVITIES
25 WITH THE MEMBER AS A MEMBER;

26 (II) THERE HAS BEEN A TRANSFER OF ALL THE MEMBER'S
27 FINANCIAL RIGHTS IN THE ASSOCIATION, OTHER THAN:

1 (A) A CREATION OR PERFECTION OF A SECURITY INTEREST; OR

2 (B) A CHARGING ORDER IN EFFECT UNDER SECTION 7-58-605 THAT
3 HAS NOT BEEN FORECLOSED;

4 (III) THE MEMBER IS A LIMITED LIABILITY COMPANY OR
5 PARTNERSHIP THAT HAS BEEN DISSOLVED AND ITS BUSINESS IS BEING
6 WOUND UP;

7 (IV) THE MEMBER IS A CORPORATION OR COOPERATIVE AND:

8 (A) THE MEMBER FILED A STATEMENT OF DISSOLUTION OR THE
9 EQUIVALENT, OR THE JURISDICTION OF FORMATION REVOKED THE
10 MEMBER'S CHARTER OR RIGHT TO CONDUCT BUSINESS;

11 (B) THE ASSOCIATION SENDS A NOTICE TO THE MEMBER THAT IT
12 WILL BE EXPELLED AS A MEMBER FOR A REASON DESCRIBED IN
13 SUB-SUBPARAGRAPH (A) OF THIS SUBPARAGRAPH (IV); AND

14 (C) NOT LATER THAN NINETY DAYS AFTER THE NOTICE WAS SENT
15 UNDER SUB-SUBPARAGRAPH (B) OF THIS SUBPARAGRAPH (IV), THE
16 MEMBER DID NOT REINSTATE OR THE JURISDICTION OF FORMATION DID NOT
17 REINSTATE THE MEMBER'S CHARTER OR RIGHT TO CONDUCT BUSINESS; OR

18 (V) THE MEMBER IS AN INDIVIDUAL AND IS ADJUDGED
19 INCOMPETENT;

20 (e) IN THE CASE OF A MEMBER WHO IS AN INDIVIDUAL, THE
21 INDIVIDUAL DIES;

22 (f) IN THE CASE OF A MEMBER THAT IS A TRUST OR IS ACTING AS A
23 MEMBER BY VIRTUE OF BEING A TRUSTEE OF A TRUST, ALL THE TRUST'S
24 FINANCIAL RIGHTS IN THE ASSOCIATION ARE DISTRIBUTED;

25 (g) IN THE CASE OF A MEMBER THAT IS AN ESTATE, THE ESTATE'S
26 ENTIRE FINANCIAL INTEREST IN THE ASSOCIATION IS DISTRIBUTED;

27 (h) IN THE CASE OF A MEMBER THAT IS NOT AN INDIVIDUAL,

1 PARTNERSHIP, LIMITED LIABILITY COMPANY, COOPERATIVE, CORPORATION,
2 TRUST, OR ESTATE, THE MEMBER IS TERMINATED; OR

3 (i) THE ASSOCIATION'S PARTICIPATION IN A MERGER IF, UNDER THE
4 PLAN OF MERGER AS APPROVED UNDER PART 16 OF THIS ARTICLE, THE
5 MEMBER CEASES TO BE A MEMBER.

6 **7-58-1102. Effect of dissociation as member.** (1) UPON A
7 MEMBER'S DISSOCIATION, SUBJECT TO SECTION 7-58-1103:

8 (a) THE DISSOCIATED MEMBER HAS NO FURTHER RIGHTS AS A
9 MEMBER; AND

10 (b) ANY FINANCIAL RIGHTS OWNED BY THE DISSOCIATED MEMBER
11 IN THE DISSOCIATED MEMBER'S CAPACITY AS A MEMBER IMMEDIATELY
12 BEFORE DISSOCIATION ARE OWNED BY THE DISSOCIATED MEMBER AS A
13 TRANSFEREE.

14 (2) A DISSOCIATED MEMBER'S DISSOCIATION AS A MEMBER DOES
15 NOT OF ITSELF DISCHARGE THE DISSOCIATED MEMBER FROM ANY DEBT,
16 OBLIGATION, OR LIABILITY TO THE LIMITED COOPERATIVE ASSOCIATION
17 THAT THE DISSOCIATED MEMBER INCURRED UNDER THE ARTICLES OR
18 BYLAWS, BY CONTRACT, OR BY OTHER MEANS WHILE A MEMBER.

19 **7-58-1103. Power of estate of member.** UNLESS THE ARTICLES
20 OR BYLAWS PROVIDE FOR GREATER RIGHTS, IF A MEMBER IS DISSOCIATED
21 IN ACCORDANCE WITH SECTION 7-58-1101 (4) (d) (V) OR (4) (e), THE
22 MEMBER'S PERSONAL REPRESENTATIVE OR OTHER LEGAL REPRESENTATIVE
23 MAY EXERCISE THE RIGHTS OF A TRANSFEREE OF THE MEMBER'S FINANCIAL
24 RIGHTS AND, FOR PURPOSES OF SETTLING THE ESTATE OF A DECEASED
25 MEMBER, MAY EXERCISE THE INFORMATIONAL RIGHTS OF A CURRENT
26 MEMBER TO OBTAIN INFORMATION UNDER SECTION 7-58-505 (1).

27

PART 12

1 DISSOLUTION

2 **7-58-1201. Dissolution - winding up.** A LIMITED COOPERATIVE
3 ASSOCIATION MAY BE DISSOLVED ONLY AS PROVIDED IN THIS PART 12 AND
4 IN PART 9 OF ARTICLE 90 OF THIS TITLE, AND UPON DISSOLUTION ITS
5 BUSINESS AND ACTIVITIES MUST BE WOUND UP AS PROVIDED IN THIS PART
6 12 AND PART 9 OF ARTICLE 90 OF THIS TITLE.

7 **7-58-1202. Voluntary dissolution.** (1) EXCEPT AS OTHERWISE
8 PROVIDED IN SECTIONS 7-58-1203 AND 7-90-908, A LIMITED COOPERATIVE
9 ASSOCIATION IS DISSOLVED AND ITS ACTIVITIES MUST BE WOUND UP:

10 (a) UPON THE OCCURRENCE OF AN EVENT OR AT A TIME SPECIFIED
11 IN THE ARTICLES;

12 (b) UPON THE ACTION OF THE ASSOCIATION'S ORGANIZERS, BOARD
13 OF DIRECTORS, OR MEMBERS UNDER SECTION 7-58-1205 OR 7-58-1206; OR

14 (c) NINETY DAYS AFTER THE DISSOCIATION OF A MEMBER THAT
15 RESULTS IN THE ASSOCIATION HAVING ONE PATRON MEMBER AND NO
16 OTHER MEMBERS, UNLESS THE ASSOCIATION:

17 (I) HAS A SOLE MEMBER THAT IS A COOPERATIVE; OR

18 (II) NOT LATER THAN THE END OF THE NINETY-DAY PERIOD,
19 ADMITS AT LEAST ONE MEMBER IN ACCORDANCE WITH THE ARTICLES OR
20 BYLAWS AND HAS AT LEAST TWO MEMBERS, AT LEAST ONE OF WHICH IS A
21 PATRON MEMBER.

22 **7-58-1203. Judicial dissolution - grounds.** (1) A LIMITED
23 COOPERATIVE ASSOCIATION MAY BE DISSOLVED IN A PROCEEDING
24 BROUGHT IN COURT BY THE ATTORNEY GENERAL IF IT IS ESTABLISHED
25 THAT:

26 (a) THE ASSOCIATION OBTAINED ITS ARTICLES OF ORGANIZATION
27 THROUGH FRAUD; OR

1 (b) THE ASSOCIATION HAS CONTINUED TO EXCEED OR ABUSE THE
2 AUTHORITY CONFERRED UPON IT BY LAW.

3 (2) A LIMITED COOPERATIVE ASSOCIATION MAY BE DISSOLVED IN
4 A PROCEEDING BROUGHT IN COURT BY A MEMBER IF IT IS ESTABLISHED
5 THAT:

6 (a) THE DIRECTORS ARE DEADLOCKED IN THE MANAGEMENT OF
7 THE ASSOCIATION'S AFFAIRS, THE MEMBERS ARE UNABLE TO BREAK THE
8 DEADLOCK, AND IRREPARABLE INJURY TO THE ASSOCIATION IS OCCURRING
9 OR IS THREATENED BECAUSE OF THE DEADLOCK;

10 (b) THE DIRECTORS OR THOSE IN CONTROL OF THE ASSOCIATION
11 HAVE ACTED, ARE ACTING, OR WILL ACT IN A MANNER THAT IS ILLEGAL,
12 OPPRESSIVE, OR FRAUDULENT;

13 (c) THE MEMBERS ARE DEADLOCKED IN VOTING POWER AND HAVE
14 FAILED TO ELECT SUCCESSORS TO DIRECTORS WHOSE TERMS HAVE EXPIRED
15 FOR TWO CONSECUTIVE PERIODS DURING WHICH ANNUAL MEMBERS
16 MEETINGS WERE HELD OR WERE TO BE HELD; OR

17 (d) THE ASSETS OF THE ASSOCIATION ARE BEING MISAPPLIED OR
18 WASTED.

19 (3) A LIMITED COOPERATIVE ASSOCIATION MAY BE DISSOLVED IN
20 A PROCEEDING BROUGHT IN COURT BY A CREDITOR IF IT IS ESTABLISHED
21 THAT:

22 (a) A CREDITOR'S CLAIM HAS BEEN REDUCED TO JUDGMENT, THE
23 EXECUTION ON THE JUDGMENT HAS BEEN RETURNED UNSATISFIED, AND
24 THE ASSOCIATION IS INSOLVENT; OR

25 (b) THE ASSOCIATION IS INSOLVENT AND THE ASSOCIATION HAS
26 ADMITTED IN WRITING THAT A CREDITOR'S CLAIM IS DUE AND OWING.

27 (4) IN LIEU OF DISSOLUTION IN A PROCEEDING DESCRIBED IN

1 SUBSECTION (1), (2), OR (3) OF THIS SECTION, THE COURT MAY ORDER ANY
2 OTHER RELIEF THAT IS APPROPRIATE AND EQUITABLE.

3 **7-58-1204. Judicial dissolution - procedure.** (1) A JUDICIAL
4 PROCEEDING TO DISSOLVE A LIMITED COOPERATIVE ASSOCIATION MUST BE
5 BROUGHT IN THE PROPER COURT.

6 (2) IT IS NOT NECESSARY TO MAKE MEMBERS PARTIES TO A
7 JUDICIAL PROCEEDING TO DISSOLVE A LIMITED COOPERATIVE ASSOCIATION
8 UNLESS RELIEF IS SOUGHT AGAINST THEM INDIVIDUALLY.

9 (3) A COURT IN A JUDICIAL PROCEEDING BROUGHT TO DISSOLVE A
10 LIMITED COOPERATIVE ASSOCIATION MAY ISSUE INJUNCTIONS, APPOINT A
11 RECEIVER OR CUSTODIAN PENDENTE LITE WITH ALL POWERS AND DUTIES
12 THE COURT DIRECTS, TAKE OTHER ACTION REQUIRED TO PRESERVE THE
13 LIMITED LIABILITY COMPANY'S ASSETS WHEREVER LOCATED, AND CARRY
14 ON THE BUSINESS OF THE ASSOCIATION UNTIL A FULL HEARING CAN BE
15 HELD.

16 **7-58-1205. Voluntary dissolution before commencement of**
17 **activity.** A MAJORITY OF THE ORGANIZERS OR INITIAL DIRECTORS OF A
18 LIMITED COOPERATIVE ASSOCIATION THAT HAS NOT YET BEGUN BUSINESS
19 ACTIVITY OR THE CONDUCT OF ITS AFFAIRS MAY DISSOLVE THE
20 ASSOCIATION.

21 **7-58-1206. Voluntary dissolution by the board and members.**

22 (1) EXCEPT AS OTHERWISE PROVIDED IN SECTION 7-58-1205, FOR A
23 LIMITED COOPERATIVE ASSOCIATION TO VOLUNTARILY DISSOLVE:

24 (a) A RESOLUTION TO DISSOLVE MUST BE APPROVED BY A
25 MAJORITY VOTE OF THE BOARD OF DIRECTORS UNLESS A GREATER
26 PERCENTAGE IS REQUIRED BY THE ARTICLES OR BYLAWS;

27 (b) THE BOARD OF DIRECTORS MUST CALL A MEMBERS MEETING TO

1 CONSIDER THE RESOLUTION, TO BE HELD NOT LATER THAN NINETY DAYS
2 AFTER ADOPTION OF THE RESOLUTION; AND

3 (c) THE BOARD OF DIRECTORS MUST MAIL OR OTHERWISE
4 TRANSMIT OR DELIVER TO EACH MEMBER IN A RECORD THAT COMPLIES
5 WITH SECTION 7-58-508:

6 (I) THE RESOLUTION REQUIRED BY PARAGRAPH (a) OF THIS
7 SUBSECTION (1);

8 (II) A RECOMMENDATION THAT THE MEMBERS VOTE IN FAVOR OF
9 THE RESOLUTION OR, IF THE BOARD DETERMINES THAT BECAUSE OF
10 CONFLICT OF INTEREST OR ANY OTHER REASON IT SHOULD NOT MAKE A
11 FAVORABLE RECOMMENDATION, THE BASIS OF THAT DETERMINATION; AND

12 (III) NOTICE OF THE MEMBERS MEETING, WHICH MUST BE GIVEN IN
13 THE SAME MANNER AS NOTICE OF A SPECIAL MEETING OF MEMBERS.

14 (2) SUBJECT TO SUBSECTION (3) OF THIS SECTION, A RESOLUTION
15 TO DISSOLVE MUST BE APPROVED BY:

16 (a) AT LEAST TWO-THIRDS OF THE VOTING POWER OF MEMBERS
17 PRESENT AT A MEMBERS MEETING CALLED UNDER PARAGRAPH (b) OF
18 SUBSECTION (1) OF THIS SECTION; AND

19 (b) IF THE LIMITED COOPERATIVE ASSOCIATION HAS INVESTOR
20 MEMBERS, AT LEAST A MAJORITY OF THE VOTES CAST BY PATRON
21 MEMBERS, UNLESS THE ARTICLES OR BYLAWS REQUIRE A GREATER
22 PERCENTAGE.

23 (3) THE ARTICLES OR BYLAWS MAY REQUIRE THAT THE
24 PERCENTAGE OF VOTES REQUIRED UNDER PARAGRAPH (a) OF SUBSECTION
25 (2) OF THIS SECTION IS:

26 (a) A DIFFERENT PERCENTAGE THAT IS NOT LESS THAN A MAJORITY
27 OF MEMBERS VOTING AT THE MEETING;

1 (b) MEASURED AGAINST THE VOTING POWER OF ALL MEMBERS; OR

2 (c) A COMBINATION OF PARAGRAPHS (a) AND (b) OF THIS
3 SUBSECTION (3).

4 **7-58-1207. Winding up.** (1) A LIMITED COOPERATIVE
5 ASSOCIATION CONTINUES ITS EXISTENCE AFTER DISSOLUTION ONLY FOR
6 PURPOSES OF WINDING UP ITS ACTIVITIES.

7 (2) IN WINDING UP A LIMITED COOPERATIVE ASSOCIATION'S
8 ACTIVITIES, THE BOARD OF DIRECTORS SHALL CAUSE THE ASSOCIATION TO:

9 (a) COLLECT ITS ASSETS;

10 (b) PRESERVE THE ASSOCIATION OR ITS PROPERTY AS A GOING
11 CONCERN FOR NO MORE THAN A REASONABLE TIME;

12 (c) PROSECUTE AND DEFEND ACTIONS AND PROCEEDINGS;

13 (d) DISPOSE OF ITS PROPERTIES THAT WILL NOT BE DISTRIBUTED IN
14 KIND TO ITS MEMBERS;

15 (e) DISCHARGE OR MAKE PROVISION FOR DISCHARGING ITS
16 LIABILITIES;

17 (f) DISTRIBUTE ITS REMAINING PROPERTY AMONG ITS MEMBERS;

18 AND

19 (g) DO EVERY OTHER ACT NECESSARY TO WIND UP AND LIQUIDATE
20 ITS BUSINESS AND AFFAIRS.

21 (3) AFTER DISSOLUTION AND UPON APPLICATION OF A LIMITED
22 COOPERATIVE ASSOCIATION, A MEMBER, OR A HOLDER OF FINANCIAL
23 RIGHTS, THE PROPER COURT MAY ORDER JUDICIAL SUPERVISION OF THE
24 WINDING UP OF THE ASSOCIATION, INCLUDING THE APPOINTMENT OF A
25 PERSON TO WIND UP THE ASSOCIATION'S ACTIVITIES, IF:

26 (a) AFTER A REASONABLE TIME, THE ASSOCIATION HAS NOT
27 WOUND UP ITS ACTIVITIES; OR

1 (b) THE APPLICANT ESTABLISHES OTHER GOOD CAUSE.

2 **7-58-1208. Distribution of assets in winding up.** (1) IN
3 WINDING UP A LIMITED COOPERATIVE ASSOCIATION'S BUSINESS, THE
4 ASSOCIATION SHALL APPLY ITS ASSETS TO DISCHARGE ITS OBLIGATIONS TO
5 CREDITORS, INCLUDING MEMBERS THAT ARE CREDITORS. THE
6 ASSOCIATION SHALL APPLY ANY REMAINING ASSETS TO PAY IN MONEY THE
7 NET AMOUNT DISTRIBUTABLE TO MEMBERS IN ACCORDANCE WITH THEIR
8 RIGHT TO DISTRIBUTIONS UNDER SUBSECTION (2) OF THIS SECTION.

9 (2) UNLESS THE ARTICLES OR BYLAWS OTHERWISE PROVIDE, IN
10 THIS SUBSECTION (2), "FINANCIAL INTERESTS" MEANS THE AMOUNTS
11 RECORDED IN THE NAMES OF MEMBERS IN THE RECORDS OF A LIMITED
12 COOPERATIVE ASSOCIATION AT THE TIME A DISTRIBUTION IS MADE,
13 INCLUDING AMOUNTS PAID TO BECOME A MEMBER, AMOUNTS ALLOCATED
14 BUT NOT DISTRIBUTED TO MEMBERS, AND AMOUNTS OF DISTRIBUTIONS
15 AUTHORIZED BUT NOT YET PAID TO MEMBERS. UNLESS THE ARTICLES OR
16 BYLAWS OTHERWISE PROVIDE, EACH MEMBER IS ENTITLED TO A
17 DISTRIBUTION FROM THE ASSOCIATION OF ANY REMAINING ASSETS IN THE
18 PROPORTION OF THE MEMBER'S FINANCIAL INTERESTS TO THE TOTAL
19 FINANCIAL INTERESTS OF THE MEMBERS AFTER ALL OTHER OBLIGATIONS
20 ARE SATISFIED.

21 **7-58-1209. Court proceeding.** (1) UPON APPLICATION BY A
22 DISSOLVED LIMITED COOPERATIVE ASSOCIATION THAT HAS PUBLISHED A
23 NOTICE UNDER SECTION 7-90-912, THE PROPER COURT MAY DETERMINE
24 THE AMOUNT AND FORM OF SECURITY TO BE PROVIDED FOR PAYMENT OF
25 CLAIMS AGAINST THE ASSOCIATION THAT ARE CONTINGENT, HAVE NOT
26 BEEN MADE KNOWN TO THE ASSOCIATION, OR ARE BASED ON AN EVENT
27 OCCURRING AFTER THE EFFECTIVE DATE OF DISSOLUTION BUT THAT,

1 BASED ON THE FACTS KNOWN TO THE ASSOCIATION, ARE REASONABLY
2 ANTICIPATED TO ARISE AFTER THE EFFECTIVE DATE OF DISSOLUTION.

3 (2) NOT LATER THAN TEN DAYS AFTER FILING AN APPLICATION
4 UNDER SUBSECTION (1) OF THIS SECTION, A DISSOLVED LIMITED
5 COOPERATIVE ASSOCIATION SHALL GIVE NOTICE OF THE PROCEEDING TO
6 EACH KNOWN CLAIMANT HOLDING A CONTINGENT CLAIM.

7 (3) THE COURT MAY APPOINT A REPRESENTATIVE IN A PROCEEDING
8 BROUGHT UNDER THIS SECTION TO REPRESENT ALL CLAIMANTS WHOSE
9 IDENTITIES ARE UNKNOWN. THE DISSOLVED LIMITED COOPERATIVE
10 ASSOCIATION SHALL PAY REASONABLE FEES AND EXPENSES OF THE
11 REPRESENTATIVE, INCLUDING ALL REASONABLE ATTORNEY FEES AND
12 EXPERT WITNESS FEES.

13 (4) PROVISION BY THE DISSOLVED LIMITED COOPERATIVE
14 ASSOCIATION FOR SECURITY IN THE AMOUNT AND THE FORM ORDERED BY
15 THE COURT SATISFIES THE ASSOCIATION'S OBLIGATIONS WITH RESPECT TO
16 CLAIMS THAT ARE CONTINGENT, HAVE NOT BEEN MADE KNOWN TO THE
17 ASSOCIATION, OR ARE BASED ON AN EVENT OCCURRING AFTER THE
18 EFFECTIVE DATE OF DISSOLUTION, AND THE CLAIMS SHALL NOT BE
19 ENFORCED AGAINST A MEMBER THAT RECEIVED A DISTRIBUTION.

20 **7-58-1210. Statement of dissolution.** (1) UPON DISSOLUTION,
21 THE LIMITED COOPERATIVE ASSOCIATION SHALL DELIVER TO THE
22 SECRETARY OF STATE, FOR FILING PURSUANT TO PART 3 OF ARTICLE 90 OF
23 THIS TITLE, A STATEMENT OF DISSOLUTION STATING:

24 (a) THE DOMESTIC ENTITY NAME OF THE LIMITED COOPERATIVE
25 ASSOCIATION; AND

26 (b) THE PRINCIPAL OFFICE ADDRESS OF THE LIMITED COOPERATIVE
27 ASSOCIATION'S PRINCIPAL OFFICE.

1 **7-58-1302. Proper plaintiff.** (1) A DERIVATIVE ACTION TO
2 ENFORCE A RIGHT OF A LIMITED COOPERATIVE ASSOCIATION MAY BE
3 MAINTAINED ONLY BY A PERSON THAT:

4 (a) IS A MEMBER OR A DISSOCIATED MEMBER AT THE TIME THE
5 ACTION IS COMMENCED AND:

6 (I) WAS A MEMBER WHEN THE CONDUCT GIVING RISE TO THE
7 ACTION OCCURRED; OR

8 (II) WHOSE STATUS AS A MEMBER DEVOLVED UPON THE PERSON
9 BY OPERATION OF LAW OR THE ARTICLES OR BYLAWS FROM A PERSON
10 THAT WAS A MEMBER AT THE TIME OF THE CONDUCT; AND

11 (b) ADEQUATELY REPRESENTS THE INTERESTS OF THE
12 ASSOCIATION.

13 (2) IF THE SOLE PLAINTIFF IN A DERIVATIVE ACTION DIES WHILE
14 THE ACTION IS PENDING, THE COURT MAY PERMIT ANOTHER MEMBER WHO
15 MEETS THE REQUIREMENTS OF SUBSECTION (1) OF THIS SECTION TO BE
16 SUBSTITUTED AS PLAINTIFF.

17 **7-58-1303. Pleading.** (1) IN A DERIVATIVE ACTION TO ENFORCE
18 A RIGHT OF A LIMITED COOPERATIVE ASSOCIATION, THE COMPLAINT MUST
19 STATE:

20 (a) THE DATE AND CONTENT OF THE PLAINTIFF'S DEMAND UNDER
21 SECTION 7-58-1301 (1) (a) AND THE ASSOCIATION'S RESPONSE;

22 (b) IF NINETY DAYS HAVE NOT EXPIRED SINCE THE DEMAND WAS
23 RECEIVED BY THE ASSOCIATION, HOW IRREPARABLE HARM TO THE
24 ASSOCIATION WOULD RESULT BY WAITING FOR THE EXPIRATION OF NINETY
25 DAYS; AND

26 (c) IF THE ASSOCIATION AGREED TO BRING AN ACTION DEMANDED,
27 THAT THE ACTION HAS NOT BEEN BROUGHT WITHIN A REASONABLE TIME.

1 **7-58-1304. Approval for discontinuance or settlement.** A
2 DERIVATIVE ACTION TO ENFORCE A RIGHT OF A LIMITED COOPERATIVE
3 ASSOCIATION MAY NOT BE DISCONTINUED OR SETTLED WITHOUT NOTICE
4 TO THE ASSOCIATION AND THE COURT'S APPROVAL.

5 **7-58-1305. Proceeds and expenses.** (1) EXCEPT AS OTHERWISE
6 PROVIDED IN SUBSECTION (2) OF THIS SECTION:

7 (a) ANY PROCEEDS OR OTHER BENEFITS OF A DERIVATIVE ACTION
8 TO ENFORCE A RIGHT OF A LIMITED COOPERATIVE ASSOCIATION, WHETHER
9 BY JUDGMENT, COMPROMISE, OR SETTLEMENT, BELONG TO THE
10 ASSOCIATION AND NOT TO THE PLAINTIFF; AND

11 (b) IF THE PLAINTIFF IN THE DERIVATIVE ACTION RECEIVES ANY
12 PROCEEDS, THE PLAINTIFF SHALL IMMEDIATELY REMIT THEM TO THE
13 ASSOCIATION.

14 (2) IF A DERIVATIVE ACTION TO ENFORCE A RIGHT OF A LIMITED
15 COOPERATIVE ASSOCIATION IS SUCCESSFUL IN WHOLE OR IN PART, THE
16 COURT MAY AWARD THE PLAINTIFF REASONABLE EXPENSES, INCLUDING
17 REASONABLE ATTORNEY FEES AND COSTS, FROM THE RECOVERY OF THE
18 ASSOCIATION IF NOT OTHERWISE AWARDED AGAINST THE DEFENDANT.

19 (3) ON THE TERMINATION OF A DERIVATIVE PROCEEDING
20 COMMENCED PURSUANT TO THIS PART 13, WHERE THE COURT FINDS THAT
21 THE PROCEEDING WAS COMMENCED OR MAINTAINED WITHOUT
22 REASONABLE CAUSE OR FOR AN IMPROPER PURPOSE, THE COURT MAY
23 ORDER THE PLAINTIFF TO PAY ANY OF THE DEFENDANT'S REASONABLE
24 EXPENSES, INCLUDING ATTORNEY FEES, INCURRED BY THE DEFENDANT IN
25 CONNECTION WITH THE DEFENSE OF THE PROCEEDING.

26 **7-58-1306. Applicability of derivative proceeding to foreign**
27 **limited cooperative associations.** IN ANY DERIVATIVE PROCEEDING IN

1 THE RIGHT OF A FOREIGN LIMITED COOPERATIVE ASSOCIATION, THE RIGHT
2 OF A PERSON TO COMMENCE OR MAINTAIN A DERIVATIVE PROCEEDING IN
3 THE RIGHT OF A FOREIGN LIMITED COOPERATIVE ASSOCIATION AND ANY
4 MATTERS RAISED IN THE PROCEEDING COVERED BY SECTIONS 7-58-1301
5 TO 7-58-1305 ARE GOVERNED BY THE LAW OF THE JURISDICTION UNDER
6 WHICH THE FOREIGN LIMITED COOPERATIVE ASSOCIATION WAS FORMED;
7 EXCEPT THAT ANY MATTERS RAISED IN THE PROCEEDING COVERED BY
8 SECTION 7-58-1304 ARE GOVERNED BY THE LAW OF THIS STATE.

9 PART 14

10 FOREIGN COOPERATIVES

11 **7-58-1401. Authority to transact business or conduct activities**
12 **required.** PART 8 OF ARTICLE 90 OF THIS TITLE, PROVIDING FOR THE
13 TRANSACTION OF BUSINESS OR THE CONDUCT OF ACTIVITIES BY FOREIGN
14 ENTITIES, APPLIES TO FOREIGN LIMITED COOPERATIVE ASSOCIATIONS.

15 **7-58-1402. Registered agent - service of process.** PART 7 OF
16 ARTICLE 90 OF THIS TITLE, PROVIDING FOR REGISTERED AGENTS AND
17 SERVICE OF PROCESS, APPLIES TO FOREIGN LIMITED COOPERATIVE
18 ASSOCIATIONS.

19 PART 15

20 DISPOSITION OF ASSETS

21 **7-58-1501. Disposition of assets not requiring member**
22 **approval.** (1) UNLESS THE ARTICLES OF ORGANIZATION OTHERWISE
23 PROVIDE, MEMBER APPROVAL UNDER SECTION 7-58-1502 IS NOT REQUIRED
24 FOR A LIMITED COOPERATIVE ASSOCIATION TO:

25 (a) SELL, LEASE, EXCHANGE, LICENSE, OR OTHERWISE DISPOSE OF
26 ALL OR ANY PART OF THE ASSETS OF THE ASSOCIATION IN THE USUAL AND
27 REGULAR COURSE OF BUSINESS; OR

1 (b) MORTGAGE, PLEDGE, DEDICATE TO THE REPAYMENT OF
2 INDEBTEDNESS, OR OTHERWISE ENCUMBER IN ANY WAY ALL OR ANY PART
3 OF THE ASSETS OF THE ASSOCIATION, WHETHER OR NOT IN THE USUAL AND
4 REGULAR COURSE OF BUSINESS.

5 **7-58-1502. Member approval of other disposition or**
6 **encumbrance of assets.** A SALE, LEASE, EXCHANGE, LICENSE, OR OTHER
7 DISPOSITION OF ASSETS OR AN ENCUMBRANCE OF ASSETS OF A LIMITED
8 COOPERATIVE ASSOCIATION, OTHER THAN A DISPOSITION OR
9 ENCUMBRANCE DESCRIBED IN SECTION 7-58-1501, REQUIRES APPROVAL
10 OF THE ASSOCIATION'S MEMBERS UNDER SECTIONS 7-58-1503 AND
11 7-58-1504.

12 **7-58-1503. Notice and action on disposition or encumbrance**
13 **of assets.** (1) FOR A LIMITED COOPERATIVE ASSOCIATION TO DISPOSE OF
14 OR ENCUMBER ASSETS UNDER SECTION 7-58-1502:

15 (a) A MAJORITY OF THE BOARD OF DIRECTORS, OR A GREATER
16 PERCENTAGE IF REQUIRED BY THE ARTICLES OR BYLAWS, MUST APPROVE
17 THE PROPOSED DISPOSITION OR ENCUMBRANCE; AND

18 (b) THE BOARD OF DIRECTORS MUST CALL A MEMBERS MEETING TO
19 CONSIDER THE PROPOSED DISPOSITION OR ENCUMBRANCE, HOLD THE
20 MEETING NOT LATER THAN NINETY DAYS AFTER APPROVAL OF THE
21 PROPOSED DISPOSITION OR ENCUMBRANCE BY THE BOARD, AND MAIL OR
22 OTHERWISE TRANSMIT OR DELIVER IN A RECORD TO EACH MEMBER:

23 (I) THE TERMS OF THE PROPOSED DISPOSITION OR ENCUMBRANCE;

24 (II) A RECOMMENDATION THAT THE MEMBERS APPROVE THE
25 DISPOSITION OR ENCUMBRANCE OR, IF THE BOARD DETERMINES THAT
26 BECAUSE OF CONFLICT OF INTEREST OR ANY OTHER REASON IT SHOULD
27 NOT MAKE A FAVORABLE RECOMMENDATION, THE BASIS FOR THAT

1 DETERMINATION;

2 (III) A STATEMENT OF ANY CONDITION OF THE BOARD'S
3 SUBMISSION OF THE PROPOSED DISPOSITION OR ENCUMBRANCE TO THE
4 MEMBERS; AND

5 (IV) NOTICE OF THE MEETING AT WHICH THE PROPOSED
6 DISPOSITION OR ENCUMBRANCE WILL BE CONSIDERED, WHICH NOTICE
7 MUST BE GIVEN IN THE SAME MANNER AS NOTICE OF A SPECIAL MEETING
8 OF MEMBERS.

9 **7-58-1504. Disposition or encumbrance of assets.** (1) SUBJECT
10 TO SUBSECTION (2) OF THIS SECTION, A DISPOSITION OR ENCUMBRANCE OF
11 ASSETS UNDER SECTION 7-58-1502 MUST BE APPROVED BY:

12 (a) AT LEAST A MAJORITY OF THE VOTING POWER OF MEMBERS
13 PRESENT AT A MEMBERS MEETING CALLED UNDER SECTION 7-58-1503 (1)

14 (b); AND

15 (b) IF THE LIMITED COOPERATIVE ASSOCIATION HAS INVESTOR
16 MEMBERS, AT LEAST A MAJORITY OF THE VOTES CAST BY PATRON
17 MEMBERS, UNLESS THE ARTICLES OR BYLAWS REQUIRE A GREATER
18 PERCENTAGE VOTE BY PATRON MEMBERS.

19 (2) THE ARTICLES OR BYLAWS MAY REQUIRE THAT THE
20 PERCENTAGE OF VOTES REQUIRED UNDER PARAGRAPH (a) OF SUBSECTION
21 (1) OF THIS SECTION IS:

22 (a) A DIFFERENT PERCENTAGE THAT IS NOT LESS THAN A MAJORITY
23 OF MEMBERS VOTING AT THE MEETING;

24 (b) MEASURED AGAINST THE VOTING POWER OF ALL MEMBERS; OR

25 (c) A COMBINATION OF PARAGRAPHS (a) AND (b) OF THIS
26 SUBSECTION (2).

27 (3) SUBJECT TO ANY CONTRACTUAL OBLIGATIONS, AFTER A

1 DISPOSITION OR ENCUMBRANCE OF ASSETS IS APPROVED AND AT ANY TIME
2 BEFORE THE CONSUMMATION OF THE DISPOSITION OR ENCUMBRANCE, A
3 LIMITED COOPERATIVE ASSOCIATION MAY APPROVE AN AMENDMENT TO
4 THE CONTRACT FOR THE DISPOSITION OR ENCUMBRANCE OR THE
5 RESOLUTION AUTHORIZING THE DISPOSITION OR ENCUMBRANCE OR
6 APPROVE ABANDONMENT OF THE DISPOSITION OR ENCUMBRANCE:

7 (a) AS PROVIDED IN THE CONTRACT OR THE RESOLUTION; AND
8 (b) EXCEPT AS LIMITED OR PROHIBITED BY THE RESOLUTION, WITH
9 THE SAME AFFIRMATIVE VOTE OF THE BOARD OF DIRECTORS AND OF THE
10 MEMBERS AS WAS REQUIRED TO APPROVE THE DISPOSITION OR
11 ENCUMBRANCE.

12 (4) THE VOTING REQUIREMENTS FOR DISTRICTS, CLASSES, OR
13 VOTING GROUPS UNDER SECTION 7-58-404 APPLY TO APPROVAL OF A
14 DISPOSITION OF ASSETS UNDER THIS PART 15.

15 PART 16

16 CONVERSION AND MERGER

17 **7-58-1601. Definitions.** IN THIS PART 16, UNLESS THE CONTEXT
18 OTHERWISE REQUIRES:

19 (1) "CONSTITUENT ENTITY" MEANS AN ENTITY THAT IS A PARTY TO
20 A MERGER.

21 (2) "CONSTITUENT LIMITED COOPERATIVE ASSOCIATION" MEANS
22 A LIMITED COOPERATIVE ASSOCIATION THAT IS A PARTY TO A MERGER.

23 (3) "CONVERTING LIMITED COOPERATIVE ASSOCIATION" MEANS A
24 CONVERTING ENTITY THAT IS A LIMITED COOPERATIVE ASSOCIATION.

25 (4) "ORGANIZATIONAL DOCUMENTS" MEANS ARTICLES OF
26 INCORPORATION, BYLAWS, ARTICLES OF ORGANIZATION, OPERATING
27 AGREEMENTS, PARTNERSHIP AGREEMENTS, AND ANY OTHER DOCUMENTS

1 SERVING A SIMILAR FUNCTION IN THE CREATION AND GOVERNANCE OF AN
2 ENTITY.

3 (5) "PERSONAL LIABILITY" MEANS PERSONAL LIABILITY FOR A
4 DEBT, LIABILITY, OR OTHER OBLIGATION OF AN ENTITY IMPOSED, BY
5 OPERATION OF LAW OR OTHERWISE, ON A PERSON THAT CO-OWNS OR HAS
6 AN INTEREST IN THE ENTITY:

7 (a) BY THE ENTITY'S ORGANIC STATUTE SOLELY BECAUSE OF THE
8 PERSON CO-OWNING OR HAVING AN INTEREST IN THE ENTITY; OR

9 (b) BY THE ENTITY'S ORGANIZATIONAL DOCUMENTS UNDER A
10 PROVISION OF THE ENTITY'S ORGANIC STATUTE AUTHORIZING THOSE
11 DOCUMENTS TO MAKE ONE OR MORE SPECIFIED PERSONS LIABLE FOR ALL
12 OR SPECIFIED PARTS OF THE ENTITY'S DEBTS, LIABILITIES, AND OTHER
13 OBLIGATIONS SOLELY BECAUSE THE PERSON CO-OWNS OR HAS AN
14 INTEREST IN THE ENTITY.

15 **7-58-1602. Conversion.** A LIMITED COOPERATIVE ASSOCIATION
16 MAY CONVERT INTO ANY FORM OF ENTITY PERMITTED BY SECTION
17 7-90-201 IF THE BOARD OF DIRECTORS OF THE LIMITED COOPERATIVE
18 ASSOCIATION ADOPTS A PLAN OF CONVERSION THAT COMPLIES WITH
19 SECTION 7-90-201.3 AND THE MEMBERS ENTITLED TO VOTE THEREON, IF
20 ANY, IF REQUIRED BY SECTION 7-58-1603, APPROVE THE PLAN OF
21 CONVERSION.

22 **7-58-1603. Action on plan of conversion by converting limited**
23 **cooperative association.** (1) FOR A LIMITED COOPERATIVE ASSOCIATION
24 TO CONVERT INTO ANOTHER FORM OF ENTITY, A PLAN OF CONVERSION
25 MUST BE APPROVED BY A MAJORITY OF THE BOARD OF DIRECTORS, OR A
26 GREATER PERCENTAGE IF REQUIRED BY THE ARTICLES OR BYLAWS, AND
27 THE BOARD OF DIRECTORS MUST CALL A MEMBERS MEETING TO CONSIDER

1 THE PLAN OF CONVERSION, HOLD THE MEETING NOT LATER THAN NINETY
2 DAYS AFTER APPROVAL OF THE PLAN BY THE BOARD, AND MAIL OR
3 OTHERWISE TRANSMIT OR DELIVER IN A RECORD TO EACH MEMBER:

4 (a) THE PLAN, OR A SUMMARY OF THE PLAN AND A STATEMENT OF
5 THE MANNER IN WHICH A COPY OF THE PLAN IN A RECORD MAY BE
6 REASONABLY OBTAINED BY A MEMBER;

7 (b) A RECOMMENDATION THAT THE MEMBERS APPROVE THE PLAN
8 OF CONVERSION OR, IF THE BOARD DETERMINES THAT BECAUSE OF A
9 CONFLICT OF INTEREST OR ANY OTHER REASON IT SHOULD NOT MAKE A
10 FAVORABLE RECOMMENDATION, THE BASIS FOR THAT DETERMINATION;

11 (c) A STATEMENT OF ANY CONDITION OF THE BOARD'S SUBMISSION
12 OF THE PLAN OF CONVERSION TO THE MEMBERS; AND

13 (d) NOTICE OF THE MEETING AT WHICH THE PLAN OF CONVERSION
14 WILL BE CONSIDERED, WHICH NOTICE MUST BE GIVEN IN THE SAME
15 MANNER AS NOTICE OF A SPECIAL MEETING OF MEMBERS.

16 (2) SUBJECT TO SUBSECTIONS (3) AND (4) OF THIS SECTION, A PLAN
17 OF CONVERSION MUST BE APPROVED BY:

18 (a) AT LEAST A MAJORITY OF THE VOTING POWER OF MEMBERS
19 PRESENT AT A MEMBERS MEETING CALLED UNDER SUBSECTION (1) OF THIS
20 SECTION; AND

21 (b) IF THE LIMITED COOPERATIVE ASSOCIATION HAS INVESTOR
22 MEMBERS, AT LEAST A MAJORITY OF THE VOTES CAST BY PATRON
23 MEMBERS, UNLESS THE ARTICLES OR BYLAWS REQUIRE A GREATER
24 PERCENTAGE VOTE BY PATRON MEMBERS.

25 (3) THE ARTICLES OR BYLAWS MAY REQUIRE THAT THE
26 PERCENTAGE OF VOTES REQUIRED UNDER PARAGRAPH (a) OF SUBSECTION
27 (2) OF THIS SECTION IS:

1 (a) A DIFFERENT PERCENTAGE THAT IS NOT LESS THAN A MAJORITY
2 OF MEMBERS VOTING AT THE MEETING;

3 (b) MEASURED AGAINST THE VOTING POWER OF ALL MEMBERS; OR

4 (c) A COMBINATION OF PARAGRAPHS (a) AND (b) OF THIS
5 SUBSECTION (3).

6 (4) THE VOTE REQUIRED TO APPROVE A PLAN OF CONVERSION
7 MUST NOT BE LESS THAN THE VOTE REQUIRED FOR THE MEMBERS OF THE
8 LIMITED COOPERATIVE ASSOCIATION TO AMEND THE ARTICLES OF
9 ORGANIZATION.

10 (5) CONSENT IN A RECORD TO A PLAN OF CONVERSION BY A
11 MEMBER MUST BE DELIVERED TO THE LIMITED COOPERATIVE ASSOCIATION
12 BEFORE DELIVERY OF A STATEMENT OF CONVERSION FOR FILING PURSUANT
13 TO SECTION 7-58-1608 (1) IF, AS A RESULT OF THE CONVERSION, THE
14 MEMBER WILL HAVE:

15 (a) PERSONAL LIABILITY FOR AN OBLIGATION OF THE ASSOCIATION;
16 OR

17 (b) AN OBLIGATION OR LIABILITY FOR AN ADDITIONAL
18 CONTRIBUTION.

19 (6) SUBJECT TO SUBSECTION (5) OF THIS SECTION AND ANY
20 CONTRACTUAL RIGHTS, AFTER A CONVERSION IS APPROVED AND AT ANY
21 TIME BEFORE THE EFFECTIVE DATE OF THE CONVERSION, A CONVERTING
22 LIMITED COOPERATIVE ASSOCIATION MAY AMEND A PLAN OF CONVERSION
23 OR ABANDON THE PLANNED CONVERSION:

24 (a) AS PROVIDED IN THE PLAN; AND

25 (b) EXCEPT AS PROHIBITED BY THE PLAN, BY THE SAME
26 AFFIRMATIVE VOTE OF THE BOARD OF DIRECTORS AND OF THE MEMBERS
27 AS WAS REQUIRED TO APPROVE THE PLAN.

1 (7) THE VOTING REQUIREMENTS FOR DISTRICTS, CLASSES, OR
2 VOTING GROUPS UNDER SECTION 7-58-404 APPLY TO APPROVAL OF A
3 CONVERSION UNDER THIS PART 16.

4 **7-58-1604. Merger.** (1) ONE OR MORE DOMESTIC LIMITED
5 COOPERATIVE ASSOCIATIONS MAY MERGE INTO ANOTHER DOMESTIC
6 ENTITY IF THE BOARD OF DIRECTORS OF EACH ASSOCIATION THAT IS A
7 PARTY TO THE MERGER AND EACH OTHER ENTITY THAT IS A PARTY TO THE
8 MERGER ADOPTS A PLAN OF MERGER COMPLYING WITH SECTION
9 7-90-203.3 AND THE MEMBERS ENTITLED TO VOTE THEREON, IF ANY, OF
10 EACH SUCH ASSOCIATION, IF REQUIRED BY SECTIONS 7-58-1605 AND
11 7-58-1606, APPROVE THE PLAN OF MERGER.

12 (2) ONE OR MORE DOMESTIC LIMITED COOPERATIVE ASSOCIATIONS
13 MAY MERGE WITH ONE OR MORE FOREIGN ENTITIES IF:

14 (a) THE MERGER IS PERMITTED BY SECTION 7-90-203 (2);

15 (b) THE FOREIGN ENTITY COMPLIES WITH SECTION 7-90-203.7 IF IT
16 IS THE SURVIVING ENTITY OF THE MERGER; AND

17 (c) EACH DOMESTIC LIMITED COOPERATIVE ASSOCIATION
18 COMPLIES WITH THE APPLICABLE PROVISIONS OF SECTIONS 7-58-1605 AND
19 7-58-1606 AND, IF IT IS THE SURVIVING ASSOCIATION OF THE MERGER,
20 WITH SECTION 7-58-1608 (2).

21 **7-58-1605. Notice and action on plan of merger by constituent**
22 **limited cooperative association.** (1) FOR A LIMITED COOPERATIVE
23 ASSOCIATION TO MERGE WITH ANOTHER ENTITY, A PLAN OF MERGER MUST
24 BE APPROVED BY A MAJORITY VOTE OF THE BOARD OF DIRECTORS OR A
25 GREATER PERCENTAGE IF REQUIRED BY THE ASSOCIATION'S ARTICLES OR
26 BYLAWS.

27 (2) THE BOARD OF DIRECTORS SHALL CALL A MEMBERS MEETING

1 TO CONSIDER A PLAN OF MERGER APPROVED BY THE BOARD, HOLD THE
2 MEETING NOT LATER THAN NINETY DAYS AFTER APPROVAL OF THE PLAN
3 BY THE BOARD, AND MAIL OR OTHERWISE TRANSMIT OR DELIVER IN A
4 RECORD TO EACH MEMBER:

5 (a) THE PLAN OF MERGER, OR A SUMMARY OF THE PLAN AND A
6 STATEMENT OF THE MANNER IN WHICH A COPY OF THE PLAN IN A RECORD
7 MAY BE REASONABLY OBTAINED BY A MEMBER;

8 (b) A RECOMMENDATION THAT THE MEMBERS APPROVE THE PLAN
9 OF MERGER OR, IF THE BOARD DETERMINES THAT BECAUSE OF CONFLICT
10 OF INTEREST OR ANY OTHER REASON IT SHOULD NOT MAKE A FAVORABLE
11 RECOMMENDATION, THE BASIS FOR THAT DETERMINATION;

12 (c) A STATEMENT OF ANY CONDITION OF THE BOARD'S SUBMISSION
13 OF THE PLAN OF MERGER TO THE MEMBERS; AND

14 (d) NOTICE OF THE MEETING AT WHICH THE PLAN OF MERGER WILL
15 BE CONSIDERED, WHICH NOTICE MUST BE GIVEN IN THE SAME MANNER AS
16 NOTICE OF A SPECIAL MEETING OF MEMBERS.

17 **7-58-1606. Approval or abandonment of merger by members.**

18 (1) SUBJECT TO SUBSECTIONS (2) AND (3) OF THIS SECTION, A PLAN OF
19 MERGER MUST BE APPROVED BY:

20 (a) AT LEAST A MAJORITY OF THE VOTING POWER OF MEMBERS
21 PRESENT AT A MEMBERS MEETING CALLED UNDER SECTION 7-58-1605 (2);
22 AND

23 (b) IF THE LIMITED COOPERATIVE ASSOCIATION HAS INVESTOR
24 MEMBERS, AT LEAST A MAJORITY OF THE VOTES CAST BY PATRON
25 MEMBERS, UNLESS THE ARTICLES OR BYLAWS REQUIRE A GREATER
26 PERCENTAGE VOTE BY PATRON MEMBERS.

27 (2) THE ARTICLES OR BYLAWS MAY PROVIDE THAT THE

1 PERCENTAGE OF VOTES REQUIRED UNDER PARAGRAPH (a) OF SUBSECTION
2 (1) OF THIS SECTION IS:

3 (a) A DIFFERENT PERCENTAGE THAT IS NOT LESS THAN A MAJORITY
4 OF MEMBERS VOTING AT THE MEETING;

5 (b) MEASURED AGAINST THE VOTING POWER OF ALL MEMBERS; OR

6 (c) A COMBINATION OF PARAGRAPHS (a) AND (b) OF THIS
7 SUBSECTION (2).

8 (3) THE VOTE REQUIRED TO APPROVE A PLAN OF MERGER MUST
9 NOT BE LESS THAN THE VOTE REQUIRED FOR THE MEMBERS OF THE LIMITED
10 COOPERATIVE ASSOCIATION TO AMEND THE ARTICLES OF ORGANIZATION.

11 (4) CONSENT IN A RECORD TO A PLAN OF MERGER BY A MEMBER
12 MUST BE DELIVERED TO THE LIMITED COOPERATIVE ASSOCIATION BEFORE
13 DELIVERY OF A STATEMENT OF MERGER FOR FILING PURSUANT TO SECTION
14 7-58-1608 (2) IF, AS A RESULT OF THE MERGER, THE MEMBER WILL HAVE:

15 (a) PERSONAL LIABILITY FOR AN OBLIGATION OF THE ASSOCIATION;
16 OR

17 (b) AN OBLIGATION OR LIABILITY FOR AN ADDITIONAL
18 CONTRIBUTION.

19 (5) SUBJECT TO SUBSECTION (4) OF THIS SECTION AND ANY
20 CONTRACTUAL RIGHTS, AFTER A MERGER IS APPROVED, AND AT ANY TIME
21 BEFORE THE EFFECTIVE DATE OF THE MERGER, A LIMITED COOPERATIVE
22 ASSOCIATION THAT IS A PARTY TO THE MERGER MAY APPROVE AN
23 AMENDMENT TO THE PLAN OF MERGER OR APPROVE ABANDONMENT OF
24 THE PLANNED MERGER:

25 (a) AS PROVIDED IN THE PLAN; AND

26 (b) EXCEPT AS LIMITED BY THE PLAN, WITH THE SAME
27 AFFIRMATIVE VOTE OF THE BOARD OF DIRECTORS AND OF THE MEMBERS

1 AS WAS REQUIRED TO APPROVE THE PLAN.

2 (6) THE VOTING REQUIREMENTS FOR DISTRICTS, CLASSES, OR
3 VOTING GROUPS UNDER SECTION 7-58-404 APPLY TO APPROVAL OF A
4 MERGER UNDER THIS PART 16.

5 **7-58-1607. Merger of parent and subsidiary.**

6 (1) NOTWITHSTANDING SECTIONS 7-58-1605 AND 7-58-1606, BY
7 COMPLYING WITH THIS SECTION, ANY PARENT LIMITED COOPERATIVE
8 ASSOCIATION OWNING ONE HUNDRED PERCENT OF THE VOTING POWER,
9 MEMBERSHIPS, OR INTERESTS OF A SUBSIDIARY MAY EITHER MERGE THE
10 SUBSIDIARY INTO ITSELF OR MERGE ITSELF INTO THE SUBSIDIARY.

11 (2) SUBJECT TO SUBSECTION (3) OF THIS SECTION, THE BOARDS OF
12 DIRECTORS OF THE PARENT ASSOCIATION AND OF THE SUBSIDIARY SHALL
13 ADOPT BY RESOLUTION A PLAN OF MERGER THAT STATES THE FOLLOWING:

14 (a) THE ENTITY NAMES OF THE PARENT ASSOCIATION AND
15 SUBSIDIARY AND THE ENTITY NAME OF THE SURVIVING ENTITY;

16 (b) THE TERMS AND CONDITIONS OF THE PROPOSED MERGER;

17 (c) THE MANNER AND BASIS OF CONVERTING THE SHARES OF THE
18 PARENT ASSOCIATION AND SUBSIDIARY INTO SHARES, OBLIGATIONS, OR
19 OTHER SECURITIES OF THE SURVIVING ENTITY OR ANY OTHER LIMITED
20 COOPERATIVE ASSOCIATION INTO MONEY OR OTHER PROPERTY IN WHOLE
21 OR PART;

22 (d) ANY AMENDMENTS TO THE ORGANIZATIONAL DOCUMENTS OF
23 THE SURVIVING PARTY TO BE EFFECTED BY THE MERGER; AND

24 (e) ANY OTHER PROVISIONS RELATING TO THE MERGER AS ARE
25 DEEMED NECESSARY OR DESIRABLE.

26 (3) THE MEMBERS OF THE PARENT ASSOCIATION ARE NOT
27 REQUIRED TO VOTE ON THE MERGER UNLESS THE ARTICLES, BYLAWS, OR

1 THE BOARD REQUIRE OTHERWISE; EXCEPT THAT IF, AS A RESULT OF THE
2 MERGER, THE VOTING SHARES, MEMBERSHIPS, OR OTHER INTERESTS OF
3 MEMBERS OF THE PARENT ASSOCIATION WOULD BE MATERIALLY ALTERED,
4 THEN THE MEMBERS OF THE PARENT ASSOCIATION HAVE THE RIGHT TO
5 VOTE ON THE PLAN OF MERGER. IF THE MEMBERS OF THE PARENT
6 ASSOCIATION HAVE THE RIGHT TO VOTE ON THE PLAN OF MERGER, THE
7 PARENT ASSOCIATION SHALL MAIL A COPY OR SUMMARY OF THE PLAN OF
8 MERGER TO EACH MEMBER OF THE PARENT ASSOCIATION WHO HAS THE
9 RIGHT TO VOTE ON THE PLAN. NOTICE AND MEETING REQUIREMENTS AS
10 PROVIDED FOR IN THIS ARTICLE SHALL APPLY.

11 (4) IF THE MEMBERS OF THE PARENT LIMITED COOPERATIVE
12 ASSOCIATION HAVE THE RIGHT TO VOTE ON THE PLAN OF MERGER, UNLESS
13 THE ARTICLES, BYLAWS, OR THE BOARD REQUIRES A GREATER VOTE, THE
14 PLAN OF MERGER MUST BE APPROVED BY A MAJORITY OF THE MEMBERS OF
15 THE PARENT ASSOCIATION PRESENT AND VOTING ON THE PLAN IN PERSON
16 OR IN ANY OTHER MANNER AUTHORIZED BY THE ASSOCIATION PURSUANT
17 TO SECTION 7-58-515.

18 **7-58-1608. Filings required for conversion or merger.**

19 (1) AFTER A PLAN OF CONVERSION IS APPROVED, THE CONVERTING ENTITY
20 SHALL DELIVER TO THE SECRETARY OF STATE, FOR FILING PURSUANT TO
21 PART 3 OF ARTICLE 90 OF THIS TITLE, A STATEMENT OF CONVERSION
22 PURSUANT TO SECTION 7-90-201.7.

23 (2) AFTER A PLAN OF MERGER IS APPROVED, THE SURVIVING
24 ENTITY SHALL DELIVER TO THE SECRETARY OF STATE, FOR FILING
25 PURSUANT TO PART 3 OF ARTICLE 90 OF THIS TITLE, A STATEMENT OF
26 MERGER PURSUANT TO SECTION 7-90-203.7.

27 (3) IF THE PLAN OF CONVERSION OR MERGER PROVIDES FOR

1 AMENDMENTS TO THE ORGANIZATIONAL DOCUMENTS OF THE CONVERTING
2 OR SURVIVING ENTITY, THE CONVERTING OR SURVIVING ENTITY SHALL
3 DELIVER TO THE SECRETARY OF STATE, FOR FILING PURSUANT TO PART 3
4 OF ARTICLE 90 OF THIS TITLE, ARTICLES OF AMENDMENT EFFECTING THE
5 AMENDMENTS.

6 **7-58-1609. Effect of conversion or merger.** (1) THE EFFECT OF
7 A CONVERSION IS DETERMINED BY SECTION 7-90-202.

8 (2) THE EFFECT OF A MERGER IS DETERMINED BY SECTION
9 7-90-204.

10 **7-58-1610. Consolidation.** (1) CONSTITUENT ENTITIES THAT ARE
11 LIMITED COOPERATIVE ASSOCIATIONS OR FOREIGN COOPERATIVES MAY
12 AGREE TO CALL A MERGER A CONSOLIDATION UNDER THIS PART 16.

13 (2) ALL PROVISIONS GOVERNING MERGERS OR USING THE TERM
14 MERGER IN THIS PART APPLY EQUALLY TO MERGERS THAT THE
15 CONSTITUENT ENTITIES CHOOSE TO CALL CONSOLIDATIONS UNDER
16 SUBSECTION (1) OF THIS SECTION.

17 **7-58-1611. Part not exclusive.** THIS PART 16 DOES NOT PROHIBIT
18 A LIMITED COOPERATIVE ASSOCIATION FROM BEING CONVERTED OR
19 MERGED UNDER LAW OTHER THAN THIS PART 16.

20 PART 17

21 MISCELLANEOUS PROVISIONS

22 **7-58-1701. Uniformity of application and construction.** IN
23 APPLYING AND CONSTRUING THIS UNIFORM ACT, CONSIDERATION MUST BE
24 GIVEN TO THE NEED TO PROMOTE UNIFORMITY OF THE LAW WITH RESPECT
25 TO ITS SUBJECT MATTER AMONG STATES THAT ENACT IT OR SIMILAR
26 STATUTES.

27 **7-58-1702. Relation to electronic signatures in global and**

1 **national commerce act.** THIS ARTICLE MODIFIES, LIMITS, OR SUPERSEDES
2 THE FEDERAL "ELECTRONIC SIGNATURES IN GLOBAL AND NATIONAL
3 COMMERCE ACT", 15 U.S.C. SEC. 7001 ET SEQ., BUT DOES NOT MODIFY,
4 LIMIT, OR SUPERSEDE SECTION 101 (c) OF THAT ACT, 15 U.S.C. SEC. 7001
5 (c), OR AUTHORIZE ELECTRONIC DELIVERY OF ANY OF THE NOTICES
6 DESCRIBED IN SECTION 103 (b) OF THAT ACT, 15 U.S.C. SEC. 7003 (b).

7 **7-58-1703. Savings clause.** THIS ARTICLE DOES NOT AFFECT AN
8 ACTION OR PROCEEDING COMMENCED, OR RIGHT ACCRUED, BEFORE APRIL
9 2, 2012.

10 **7-58-1704. Effective date.** THIS ARTICLE TAKES EFFECT APRIL 2,
11 2012.

12 **SECTION 2.** 7-90-102 (2), (3), (11), (36), and (44), Colorado
13 Revised Statutes, are amended, and the said 7-90-102 is further amended
14 BY THE ADDITION THE FOLLOWING NEW SUBSECTIONS, to
15 read:

16 **7-90-102. Definitions.** As used in this title, except as otherwise
17 defined for the purpose of any section, subpart, part, or article of this title,
18 or unless the context otherwise requires:

19 (2) "Articles of incorporation" means, with respect to:

20 (a) A domestic cooperative THAT IS NOT A DOMESTIC LIMITED
21 COOPERATIVE ASSOCIATION, a domestic corporation, or other domestic
22 entity that is formed under or subject to the "Colorado Business
23 Corporation Act", articles 101 to 117 of this title, articles of incorporation
24 as that term is used in the "Colorado Business Corporation Act"; ~~With~~
25 respect to

26 (b) A corporation formed under or subject to article 40 of this
27 title, "articles of incorporation" means A certificate of incorporation as

1 that term is used in article 40 of this title; ~~With respect to~~

2 (c) A domestic cooperative, a domestic nonprofit corporation, or
3 other domestic entity that is formed under or subject to the "Colorado
4 Revised Nonprofit Corporation Act", articles 121 to 137 of this title,
5 "articles of incorporation" means articles of incorporation as that term is
6 used in the "Colorado Revised Nonprofit Corporation Act"; ~~With respect~~
7 to AND

8 (d) A foreign corporation or foreign nonprofit corporation,
9 "articles of incorporation" means the corresponding document filed with
10 the jurisdiction, under the law of which the corporation or nonprofit
11 corporation is formed.

12 (3) "Articles of organization" means, with respect to:

13 (a) A domestic limited liability company, the articles of
14 organization as defined in the "Colorado Limited Liability Company
15 Act", article 80 of this title; ~~With respect to~~

16 (b) A foreign limited liability company, "articles of organization"
17 means the corresponding document filed with the filing officer of the
18 jurisdiction under the law of which the foreign limited liability company
19 is formed; AND

20 (c) A DOMESTIC LIMITED COOPERATIVE ASSOCIATION, THE
21 ARTICLES OF ORGANIZATION AS DEFINED IN THE "COLORADO UNIFORM
22 LIMITED COOPERATIVE ASSOCIATION ACT", ARTICLE 58 OF THIS TITLE.

23 (11) "Domestic cooperative" means an entity formed under article
24 55 of this title; an entity formed under the "Colorado Cooperative Act",
25 article 56 of this title; AN ENTITY FORMED UNDER THE "COLORADO
26 UNIFORM LIMITED COOPERATIVE ASSOCIATION ACT", ARTICLE 58 OF THIS
27 TITLE; or an entity formed under any other act of the state of Colorado

1 that has elected to be subject to the "Colorado Cooperative Act".

2 (14.5) "DOMESTIC LIMITED COOPERATIVE ASSOCIATION" MEANS A
3 LIMITED COOPERATIVE ASSOCIATION FORMED UNDER OR SUBJECT TO THE
4 "COLORADO UNIFORM LIMITED COOPERATIVE ASSOCIATION ACT",
5 ARTICLE 58 OF THIS TITLE.

6 (23.7) "FOREIGN LIMITED COOPERATIVE ASSOCIATION" MEANS AN
7 ENTITY FORMED UNDER THE LAW OF A JURISDICTION OTHER THAN THIS
8 STATE THAT IS FUNCTIONALLY EQUIVALENT TO A DOMESTIC LIMITED
9 COOPERATIVE ASSOCIATION.

10 (36) "Member" means:

11 (a) A member of a cooperative;

12 (a.5) A MEMBER OF A LIMITED COOPERATIVE ASSOCIATION AS
13 DEFINED IN SECTION 7-58-102;

14 (b) A member of a nonprofit association;

15 (c) A member of a limited liability company;

16 (d) In the case of a nonprofit corporation with one or more classes
17 of voting members, a voting member of a nonprofit corporation; or

18 (e) In the case of a nonprofit corporation with no voting members,
19 a director of a nonprofit corporation.

20 (44) "Owner's interest" means the shares of stock in a corporation,
21 a membership in a nonprofit corporation, a membership interest in a
22 limited liability company, the interest of a member in a cooperative OR IN
23 A LIMITED COOPERATIVE ASSOCIATION, a partnership interest in a limited
24 partnership, a partnership interest in a partnership, and the interest of a
25 member in a limited partnership association.

26 **SECTION 3.** 7-90-601, Colorado Revised Statutes, is amended
27 BY THE ADDITION OF A NEW SUBSECTION to read:

1 **7-90-601. Entity name.** (4.5) THE ENTITY NAME OF A LIMITED
2 COOPERATIVE ASSOCIATION SHALL CONTAIN THE WORDS "LIMITED
3 COOPERATIVE ASSOCIATION" OR "LIMITED COOPERATIVE" OR THE
4 ABBREVIATION "L.C.A." OR "LCA". "LIMITED" MAY BE ABBREVIATED AS
5 "LTD.". "COOPERATIVE" MAY BE ABBREVIATED AS "CO-OP" OR "COOP".
6 "ASSOCIATION" MAY BE ABBREVIATED AS "ASSOC." OR "ASSN.".

7 **SECTION 4.** 10-16-1004 (1) (a), Colorado Revised Statutes, is
8 amended to read:

9 **10-16-1004. Health care coverage cooperatives - establishment**
10 **- fees.** (1) (a) There is hereby authorized the creation of entities to be
11 known as health care coverage cooperatives. A health care coverage
12 cooperative may be created as any lawful entity under articles 55, ~~and~~ 56,
13 ~~or articles~~ 58, 101 to 117, ~~or articles~~ 121 to 137 of title 7, C.R.S., so long
14 as such entity operates for the mutual benefit of its members. Entities
15 created pursuant to this part 10, in addition to the matters otherwise
16 required, ~~shall be~~ ARE subject to this part 10.

17 **SECTION 5.** 38-33.5-101, Colorado Revised Statutes, is
18 amended to read:

19 **38-33.5-101. Method of formation - purpose.** Cooperative
20 housing corporations may be formed by any three or more adult residents
21 of this state associating themselves to form a COOPERATIVE OR nonprofit
22 corporation, pursuant to ARTICLES 55, 56, OR 58 OF TITLE 7, C.R.S., OR the
23 "Colorado Revised Nonprofit Corporation Act", articles 121 to 137 of
24 title 7, C.R.S. The specified purpose of ~~such corporation shall~~ THE
25 ENTITY MUST be to provide each stockholder in ~~said corporation~~ OR
26 MEMBER OF THE ENTITY with the right to occupy, for dwelling purposes,
27 a house or an apartment in a building owned or leased by ~~said corporation~~

1 THE ENTITY.

2 **SECTION 6. Act subject to petition - effective date -**

3 **applicability.** (1) This act shall take effect April 2, 2012; except that, if
4 a referendum petition is filed pursuant to section 1 (3) of article V of the
5 state constitution against this act or an item, section, or part of this act
6 within the ninety-day period after final adjournment of the general
7 assembly, then the act, item, section, or part shall not take effect unless
8 approved by the people at the general election to be held in November
9 2012 and shall take effect on April 2, 2012, or on the date of the official
10 declaration of the vote thereon by the governor, whichever is later.

11 (2) The provisions of this act shall apply to conduct occurring on
12 or after the applicable effective date of this act.