



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

SB2147

Introduced 2/15/2019, by Sen. Ram Villivalam

SYNOPSIS AS INTRODUCED:

New Act

Creates the Uniform Limited Cooperative Association Act. Provides for the organization and operation of limited cooperative associations. Provides that a limited cooperative association organized under the Act is an autonomous, unincorporated association of persons united to meet their mutual interests through a jointly owned enterprise primarily controlled by those persons, which authorizes the combination of ownership and receipt of benefits by members for whose interests the association is formed and permits investments by members who may receive returns on their investments and a share of control. Provides for: filing with the Secretary of State; organic rules; membership; members' interests; marketing contracts; directors; officers; indemnification and advancement of expenses; contributions; allocations; distributions; dissolution; actions; disposing of assets; foreign cooperatives; merger; interest exchange; conversion; domestication; and other matters.

LRB101 09428 JLS 54526 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning business.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Article 1. GENERAL PROVISIONS

5 Section 101. Short title. This Act may be cited as the
6 Uniform Limited Cooperative Association Act.

7 Section 102. Definitions. In this Act:

8 (1) "Articles of organization" means the articles of
9 organization of a limited cooperative association required
10 by Section 301. The term includes the articles as amended
11 or restated.

12 (2) "Board of directors" means the board of directors
13 of a limited cooperative association.

14 (3) "Bylaws" means the bylaws of a limited cooperative
15 association. The term includes the bylaws as amended or
16 restated.

17 (4) "Contribution," except as used in Section 1008(c),
18 means a benefit that a person provides to a limited
19 cooperative association to become or remain a member or in
20 the person's capacity as a member.

21 (5) "Cooperative" means a limited cooperative
22 association or an entity organized under any cooperative

1 law of any jurisdiction.

2 (6) "Director" means a director of a limited
3 cooperative association.

4 (7) "Distribution," except as used in Section 1007(a),
5 means a transfer of money or other property from a limited
6 cooperative association to a member because of the member's
7 financial rights or to a transferee of a member's financial
8 rights.

9 (8) "Entity" means a person other than an individual.

10 (9) "Financial rights" means the right to participate
11 in allocations and distributions as provided in Articles 10
12 and 12 but does not include rights or obligations under a
13 marketing contract governed by Article 7.

14 (10) "Foreign cooperative" means an entity organized
15 in a jurisdiction other than this State under a limited
16 cooperative association law similar to this Act.

17 (11) "Governance rights" means the right to
18 participate in governance of a limited cooperative
19 association.

20 (12) "Investor member" means a member that has made a
21 contribution to a limited cooperative association and

22 (A) is not required by the organic rules to conduct
23 patronage with the association in the member's
24 capacity as an investor member in order to receive the
25 member's interest; or

26 (B) is not permitted by the organic rules to

1 conduct patronage with the association in the member's
2 capacity as an investor member in order to receive the
3 member's interest.

4 (13) "Jurisdiction", used to refer to a political
5 entity, means the United States, a state, a foreign
6 country, or a political subdivision of a foreign country.

7 (14) "Jurisdiction of formation" means the
8 jurisdiction whose law governs the internal affairs of an
9 entity.

10 (15) "Limited cooperative association" means an
11 association formed under this Act or that becomes subject
12 to this Act under Article 16.

13 (16) "Member" means a person that is admitted as a
14 patron member or investor member, or both, in a limited
15 cooperative association. The term does not include a person
16 that has dissociated as a member.

17 (17) "Member's interest" means the interest of a patron
18 member or investor member under Section 601.

19 (18) "Members meeting" means an annual members meeting
20 or special meeting of members.

21 (19) "Organic law" means the statute providing for the
22 creation of an entity or principally governing its internal
23 affairs.

24 (20) "Organic rules" means the articles of
25 organization and bylaws of a limited cooperative
26 association.

1 (21) "Organizer" means an individual who signs the
2 initial articles of organization.

3 (22) "Patron member" means a member that has made a
4 contribution to a limited cooperative association and:

5 (A) is required by the organic rules to conduct
6 patronage with the association in the member's
7 capacity as a patron member in order to receive the
8 member's interest; or

9 (B) is permitted by the organic rules to conduct
10 patronage with the association in the member's
11 capacity as a patron member in order to receive the
12 member's interest.

13 (23) "Patronage" means business transactions between a
14 limited cooperative association and a person which entitle
15 the person to receive financial rights based on the value
16 or quantity of business done between the association and
17 the person.

18 (24) "Person" means an individual, business
19 corporation, nonprofit corporation, partnership, limited
20 partnership, limited liability company, general
21 cooperative association, limited cooperative association,
22 unincorporated nonprofit association, statutory trust,
23 business trust, common-law business trust, estate, trust,
24 association, joint venture, public corporation, government
25 or governmental subdivision, agency, or instrumentality,
26 or any other legal or commercial entity.

1 (25) "Principal office" means the principal executive
2 office of a limited cooperative association or foreign
3 cooperative, whether or not the office is located in this
4 State.

5 (26) "Property" means all property, whether real,
6 personal, or mixed or tangible or intangible, or any right
7 or interest therein.

8 (27) "Record", used as a noun, means information that
9 is inscribed on a tangible medium or that is stored in an
10 electronic or other medium and is retrievable in
11 perceivable form.

12 (28) "Registered agent" means an agent of an entity
13 which is authorized to receive service of any process,
14 notice, or demand required or permitted by law to be served
15 on the entity.

16 (29) "Required information" means the information a
17 limited cooperative association is required to maintain
18 under Section 110.

19 (30) "Registered foreign cooperative" means a foreign
20 cooperative that is registered to do business in this State
21 pursuant to a statement of registration filed by the
22 Secretary of State.

23 (31) "Sign" means, with present intent to authenticate
24 or adopt a record:

25 (A) to execute or adopt a tangible symbol; or

26 (B) to attach to or logically associate with the

1 record an electronic symbol, sound, or process.

2 (32) "State" means a state of the United States, the
3 District of Columbia, Puerto Rico, the United States Virgin
4 Islands, or any territory or insular possession subject to
5 the jurisdiction of the United States.

6 (33) "Transfer" includes:

7 (A) an assignment;

8 (B) a conveyance;

9 (C) a sale;

10 (D) a lease;

11 (E) an encumbrance, including a mortgage or
12 security interest;

13 (F) a gift; and

14 (G) a transfer by operation of law.

15 (34) "Voting group" means any combination of one or
16 more voting members in one or more districts or classes
17 that under the organic rules or this Act are entitled to
18 vote and can be counted together collectively on a matter
19 at a members meeting.

20 (35) "Voting member" means a member that, under the
21 organic law or organic rules, has a right to vote on
22 matters subject to vote by members under the organic law or
23 organic rules.

24 (36) "Voting power" means the total current power of
25 members to vote on a particular matter for which a vote may
26 or is to be taken.

1 Section 103. Nature of limited cooperative association.

2 (a) A limited cooperative association organized under this
3 Act is an autonomous, unincorporated association of persons
4 united to meet their mutual interests through a jointly owned
5 enterprise primarily controlled by those persons, which
6 permits combining:

7 (1) ownership, financing, and receipt of benefits by
8 the members for whose interests the association is formed;
9 and

10 (2) separate investments in the association by members
11 who may receive returns on their investments and a share of
12 control.

13 (b) The fact that a limited cooperative association does
14 not have one or more of the characteristics described in
15 subsection (a) does not alone prevent the association from
16 being formed under and governed by this Act nor does it alone
17 provide a basis for an action against the association.

18 Section 104. Purpose and duration of limited cooperative
19 association.

20 (a) A limited cooperative association is an entity distinct
21 from its members.

22 (b) A limited cooperative association may be organized for
23 any lawful purpose, regardless of whether for profit.

24 (c) Unless the articles of organization state a term for a

1 limited cooperative association's existence, the association
2 has perpetual duration.

3 Section 105. Powers. A limited cooperative association has
4 the capacity to sue and be sued in its own name and has the
5 power to do all things necessary or convenient to carry on its
6 activities and affairs. An association may maintain an action
7 against a member for harm caused to the association by the
8 member's violation of a duty to the association or of the
9 organic law or organic rules.

10 Section 106. Governing law. The law of this State governs:

11 (1) the internal affairs of a limited cooperative
12 association; and

13 (2) the liability of a member as member and a
14 director as director for the debts, obligations, or
15 other liabilities of a limited cooperative
16 association.

17 Section 107. Requirements of other laws.

18 (a) This Act does not alter or amend any law that governs
19 the licensing and regulation of an individual or entity in
20 carrying on a specific business or profession even if that law
21 permits the business or profession to be conducted by a limited
22 cooperative association, a foreign cooperative, or its
23 members.

1 (b) A limited cooperative association may not conduct an
2 activity that, under law of this State other than this Act, may
3 be conducted only by an entity that meets specific requirements
4 for the internal affairs of that entity unless the organic
5 rules of the association conform to those requirements.

6 Section 108. Relation to restraint of trade and antitrust
7 laws. To the extent a limited cooperative association or
8 activities conducted by the association in this State meet the
9 material requirements for other cooperatives entitled to an
10 exemption from or immunity under any provision of the Illinois
11 Antitrust Act, the association and its activities are entitled
12 to the exemption or immunity. This Section does not create any
13 new exemption or immunity for an association or affect any
14 exemption or immunity provided to a cooperative organized under
15 any other law.

16 Section 109. Effect of organic rules.

17 (a) The relations between a limited cooperative
18 association and its members are consensual. Unless required,
19 limited, or prohibited by this Act, the organic rules may
20 provide for any matter concerning the relations among the
21 members of the association and between the members and the
22 association, the activities of the association, and the conduct
23 of its activities.

24 (b) The matters referred to in paragraphs (1) through (11)

1 may be varied only in the articles of organization. The
2 articles may:

3 (1) state a term of existence for the association under
4 Section 104(c);

5 (2) limit or eliminate the acceptance of new or
6 additional members by the initial board of directors under
7 Section 302(b);

8 (3) vary the limitations on the obligations and
9 liability of members for association obligations under
10 Section 504;

11 (4) require a notice of an annual members meeting to
12 state a purpose of the meeting under Section 508(b);

13 (5) vary the board of directors meeting quorum under
14 Section 815(a);

15 (6) vary the matters the board of directors may
16 consider in making a decision under Section 820;

17 (7) specify causes of dissolution under Section
18 1202(1);

19 (8) delegate amendment of the bylaws to the board of
20 directors pursuant to Section 405(f);

21 (9) provide for member approval of asset dispositions
22 under Section 1401;

23 (10) subject to Section 820, provide for the
24 elimination or limitation of liability of a director to the
25 association or its members for money damages pursuant to
26 Section 818;

1 (11) provide for permitting or making obligatory
2 indemnification under Section 901(a); and

3 (12) provide for any matters that may be contained in
4 the organic rules, including those under subsection (c).

5 (c) The matters referred to in paragraphs (1) through (25)
6 may be varied only in the organic rules. The organic rules may:

7 (1) require more information to be maintained under
8 Section 110 or provided to members under Section 505(j);

9 (2) provide restrictions on transactions between a
10 member and an association under Section 111;

11 (3) provide for the percentage and manner of voting on
12 amendments to the organic rules by district, class, or
13 voting group under Section 404(a);

14 (4) provide for the percentage vote required to amend
15 the bylaws concerning the admission of new members under
16 Section 405(e) (5);

17 (5) provide for terms and conditions to become a member
18 under Section 502;

19 (6) restrict the manner of conducting members meetings
20 under Sections 506(c) and 507(e);

21 (7) designate the presiding officer of members
22 meetings under Sections 506(e) and 507(g);

23 (8) require a statement of purposes in the annual
24 meeting notice under Section 508(b);

25 (9) increase quorum requirements for members meetings
26 under Section 510 and board of directors meetings under

1 Section 815;

2 (10) allocate voting power among members, including
3 patron members and investor members, and provide for the
4 manner of member voting and action as permitted by Sections
5 511 through 517;

6 (11) authorize investor members and expand or restrict
7 the transferability of members' interests to the extent
8 provided in Sections 602 through 604;

9 (12) provide for enforcement of a marketing contract
10 under Section 704(a);

11 (13) provide for qualification, election, terms,
12 removal, filling vacancies, and member approval for
13 compensation of directors in accordance with Sections 803
14 through 805, 807, 809, and 810;

15 (14) restrict the manner of conducting board meetings
16 and taking action without a meeting under Sections 811 and
17 812;

18 (15) provide for frequency, location, notice and
19 waivers of notice for board meetings under Sections 813 and
20 814;

21 (16) increase the percentage of votes necessary for
22 board action under Section 816(b);

23 (17) provide for the creation of committees of the
24 board of directors and matters related to the committees in
25 accordance with Section 817;

26 (18) provide for officers and their appointment,

1 designation, and authority under Section 822;

2 (19) provide for forms and values of contributions
3 under Section 1002;

4 (20) provide for remedies for failure to make a
5 contribution under Section 1003(b);

6 (21) provide for the allocation of profits and losses
7 of the association, distributions, and the redemption or
8 repurchase of distributed property other than money in
9 accordance with Sections 1004 through 1007;

10 (22) specify when a member's dissociation is wrongful
11 and the liability incurred by the dissociating member for
12 damage to the association under Section 1101(b) and (c);

13 (23) provide the personal representative, or other
14 legal representative of, a deceased member or a member
15 adjudged incompetent with additional rights under Section
16 1103;

17 (24) increase the percentage of votes required for
18 board of director approval of:

19 (A) a resolution to dissolve under Section
20 1205(a)(1);

21 (B) a proposed amendment to the organic rules under
22 Section 402(a)(1);

23 (C) transaction under Article 16 as required under
24 Section 518; and

25 (D) a proposed disposition of assets under Section
26 1403(1); and

1 (25) vary the percentage of votes required for members
2 approval of:

3 (A) a resolution to dissolve under Section 1205;

4 (B) an amendment to the organic rules under Section
5 405;

6 (C) a transaction under Article 16 as required
7 under Section 518; and

8 (D) a disposition of assets under Section 1404.

9 (d) The organic rules must address members' contributions
10 pursuant to Section 1001.

11 Section 110. Required information.

12 (a) Subject to subsection (b), a limited cooperative
13 association shall maintain in a record available at its
14 principal office:

15 (1) a list containing the name, last known street
16 address and, if different, mailing address, and term of
17 office of each director and officer;

18 (2) the initial articles of organization and all
19 amendments to and restatements of the articles, together
20 with a signed copy of any power of attorney under which any
21 article, amendment, or restatement has been signed;

22 (3) the initial bylaws and all amendments to and
23 restatements of the bylaws;

24 (4) all filed articles of merger, interest exchange,
25 conversion, and domestication;

1 (5) all financial statements of the association for the
2 6 most recent years;

3 (6) the 6 most recent annual reports delivered by the
4 association to the Secretary of State;

5 (7) the minutes of members meetings for the 6 most
6 recent years;

7 (8) evidence of all actions taken by members without a
8 meeting for the 6 most recent years;

9 (9) a list containing:

10 (A) the name, in alphabetical order, and last known
11 street address and, if different, mailing address of
12 each patron member and each investor member; and

13 (B) if the association has districts or classes of
14 members, information from which each current member in
15 a district or class may be identified;

16 (10) the federal income tax returns, any state and
17 local income tax returns, and any tax reports of the
18 association for the 6 most recent years;

19 (11) accounting records maintained by the association
20 in the ordinary course of its operations for the 6 most
21 recent years;

22 (12) the minutes of directors meetings for the 6 most
23 recent years;

24 (13) evidence of all actions taken by directors without
25 a meeting for the 6 most recent years;

26 (14) the amount of money contributed and agreed to be

1 contributed by each member;

2 (15) a description and statement of the agreed value of
3 contributions or benefits other than money made or provided
4 and agreed to be made or provided by each member;

5 (16) the times at which, or events on the happening of
6 which, any additional contribution is to be made by each
7 member;

8 (17) for each member, a description and statement of
9 the member's interest or information from which the
10 description and statement can be derived; and

11 (18) all communications concerning the association
12 made in a record to all members, or to all members in a
13 district or class, for the 6 most recent years.

14 (b) If a limited cooperative association has existed for
15 less than the period for which records must be maintained under
16 subsection (a), the period records must be kept is the period
17 of the association's existence.

18 (c) The organic rules may require that more information be
19 maintained.

20 Section 111. Business transactions of member with limited
21 cooperative association. Subject to Sections 818 and 819 and
22 except as otherwise provided in the organic rules or a specific
23 contract relating to a transaction, a member may lend money to
24 and transact other business with a limited cooperative
25 association in the same manner as a person that is not a

1 member.

2 Section 112. Dual capacity. A person may have a patron
3 member's interest and an investor member's interest. When such
4 person acts as a patron member, the person is subject to this
5 Act and the organic rules governing patron members. When such
6 person acts as an investor member, the person is subject to
7 this Act and the organic rules governing investor members.

8 Section 113. Permitted names.

9 (a) Use of the term "cooperative" or its abbreviation under
10 this Act is not a violation of the provisions restricting the
11 use of the term under the Agricultural Co-Operative Act or the
12 Co-operative Act.

13 (b) The name of a limited cooperative association must
14 contain the phrase "limited cooperative association" or
15 "limited cooperative" or the abbreviation "L.C.A." or "LCA".
16 "Limited" may be abbreviated as "Ltd.". "Cooperative" may be
17 abbreviated as "Co-op" or "Coop". "Association" may be
18 abbreviated as "Assoc." or "Assn.". A limited cooperative
19 association or a member may enforce the restrictions on the use
20 of the term "cooperative" under this Act.

21 (c) Except as otherwise provided in subsection (d), the
22 name of a limited cooperative association, and the name under
23 which a foreign cooperative may register to do business in this
24 State, must be distinguishable on the records of the Secretary

1 of State from any:

2 (1) name of an existing person whose formation required
3 the filing of a record by the Secretary of State
4 and which is not at the time administratively dissolved;

5 (2) name of a limited liability partnership whose
6 statement of qualification is in effect;

7 (3) name under which a person is registered to do
8 business in this State by the filing of a record by the
9 Secretary of State;

10 (4) name reserved under Section 116 or other law of
11 this State providing for the reservation of a name by the
12 filing of a record by the Secretary of State;

13 (5) name registered under Section 117 or other law of
14 this State providing for the registration of a name by the
15 filing of a record by the Secretary of State; and

16 (6) name registered under the Assumed Business Name
17 Act.

18 (d) If a person consents in a record to the use of its name
19 and submits an undertaking in a form satisfactory to the
20 Secretary of State to change its name to a name that is
21 distinguishable on the records of the Secretary of State from
22 any name in any category of names in subsection (c), the name
23 of the consenting person may be used by the person to which the
24 consent was given.

25 (e) Except as otherwise provided in subsection (f), in
26 determining whether a name is the same as or not

1 distinguishable on the records of the Secretary of State from
2 the name of another person, words, phrases, or abbreviations
3 indicating a type of entity, such as "corporation", "corp.",
4 "incorporated", "Inc.", "professional corporation", "P.C.",
5 "PC", "professional association", "P.A.", "PA", "Limited",
6 "Ltd.", "limited partnership", "L.P.", "LP", "limited
7 liability partnership", "L.L.P.", "LLP", "registered limited
8 liability partnership", "R.L.L.P.", "RLLP", "limited liability
9 limited partnership", "L.L.L.P.", "LLLLP", "registered limited
10 liability limited partnership", "R.L.L.L.P." "RLLLLP", "limited
11 liability company", "L.L.C.", or "LLC", "limited cooperative
12 association", "limited cooperative", "L.C.A.", or "LCA" may
13 not be taken into account.

14 (f) A person may consent in a record to the use of a name
15 that is not distinguishable on the records of the Secretary of
16 State from its name except for the addition of a word, phrase,
17 or abbreviation indicating the type of entity as provided in
18 subsection (e). In such a case, the person need not change its
19 name pursuant to subsection (c).

20 (g) A limited cooperative association or foreign
21 cooperative may use a name that is not distinguishable from a
22 name described in subsection (c)(1) through (6) if the
23 association or foreign cooperative delivers to the Secretary of
24 State a certified copy of a final judgment of a court of
25 competent jurisdiction establishing the right of the
26 association or foreign cooperative to use the name in this

1 State.

2 Section 114. Reservation of power to amend or repeal. The
3 General Assembly has the power to amend or repeal all or part
4 of this Act at any time, and all limited cooperative
5 associations and foreign cooperatives subject to this Act are
6 governed by the amendment or repeal of this Act.

7 Section 115. Supplemental principles of law. Unless
8 displaced by particular provisions of this Act, the principles
9 of law and equity supplement this Act.

10 Section 116. Reservation of name.

11 (a) A person may reserve the exclusive use of a name that
12 complies with Section 115 by delivering an application to the
13 Secretary of State for filing. The application must set forth
14 the name and address of the applicant and the name to be
15 reserved. If the Secretary of State finds that the name is
16 available, the Secretary of State shall reserve the name for
17 the applicant's exclusive use for a period of 120 days.

18 (b) The owner of a reserved name may transfer the
19 reservation to another person by delivering to the Secretary of
20 State a signed notice in a record of the transfer which states
21 the name and address of the person to which the reservation is
22 being transferred.

1 Section 117. Registration of name.

2 (a) A foreign cooperative not registered to do business in
3 this State under Article 15 may register its name, or an
4 alternate name adopted pursuant to Section 1506, if the name is
5 distinguishable upon on the records of the Secretary of State
6 from the names that are not available under Section 115.

7 (b) To register its name or an alternate name adopted
8 pursuant to Section 1506, a foreign cooperative must deliver to
9 the Secretary of State for filing an application stating the
10 cooperative's name, the jurisdiction and date of its formation,
11 and any alternate name adopted pursuant to Section 1506. If the
12 Secretary of State finds that the name applied for is
13 available, the Secretary of State shall register the name for
14 the applicant's exclusive use.

15 (c) The registration of a name under this Section is
16 effective for one year after the date of registration.

17 (d) A foreign cooperative whose name registration is
18 effective may renew the registration for successive one-year
19 periods by delivering, not earlier than 3 months before the
20 expiration of the registration, to the Secretary of State for
21 filing a renewal application that complies with this Section.
22 When filed, the renewal application renews the registration for
23 a succeeding one-year period.

24 (e) A foreign cooperative whose name registration is
25 effective may register as a foreign cooperative under the
26 registered name or consent in a signed record to the use of

1 that name by another person that is not an individual.

2 Section 118. Registered agent.

3 (a) Each limited cooperative association and each
4 registered foreign cooperative shall designate and maintain a
5 registered agent in this State. The designation of a registered
6 agent is an affirmation of fact by the association or foreign
7 cooperative that the agent has consented to serve.

8 (b) A registered agent for a limited cooperative
9 association or registered foreign cooperative must have a place
10 of business in this State.

11 (c) The only duties under this Act of a registered agent
12 that has complied with this Act are:

13 (1) to forward to the limited cooperative association
14 or registered foreign cooperative at the address most
15 recently supplied to the agent by the association or
16 foreign cooperative any process, notice, or demand
17 pertaining to the association or foreign cooperative which
18 is served on or received by the agent; (1) to forward to the
19 limited cooperative association or registered foreign
20 cooperative at the address most recently supplied to the
21 agent by the association or foreign cooperative any
22 process, notice, or demand pertaining to the association or
23 foreign cooperative which is served on or received by the
24 agent;

25 (2) If the registered agent resigns, to provide the

1 notice required by Section 120(c) to the limited
2 cooperative association or foreign cooperative at the
3 address most recently supplied to the agent by the
4 association or foreign cooperative; and

5 (3) to keep current the information with respect to the
6 agent in the articles of organization or foreign registration
7 statement.

8 Section 119. Change of registered agent or address for
9 registered agent by limited cooperative association.

10 (a) A limited cooperative association or registered
11 foreign cooperative may change its registered agent or the
12 address of its registered agent by delivering to the Secretary
13 of State for filing a statement of change that states:

14 (1) the name of the association or foreign cooperative;
15 and

16 (2) the information that is to be in effect as a result
17 of the filing of the statement of change.

18 (b) The members or directors of a limited cooperative
19 association need not approve the filing of:

20 (1) a statement of change under this Section; or

21 (2) a similar filing changing the registered agent or
22 registered office, if any, of the association in any other
23 jurisdiction.

24 (c) A statement of change under this Section designating a
25 new registered agent is an affirmation of fact by the limited

1 cooperative association or registered foreign cooperative that
2 the agent has consented to serve.

3 (d) As an alternative to using the procedure in this
4 Section, a limited cooperative association may amend its
5 articles of organization.

6 Section 120. Resignation of registered agent.

7 (a) A registered agent may resign as agent for a limited
8 cooperative association or registered foreign cooperative by
9 delivering to the Secretary of State for filing a statement of
10 resignation that states:

- 11 (1) the name of the association or foreign cooperative;
12 (2) the name of the agent;
13 (3) that the agent resigns from serving as registered
14 agent for the association or foreign cooperative; and
15 (4) the address of the association or foreign
16 cooperative to which the agent will send the notice
17 required by subsection (c).

18 (b) A statement of resignation takes effect on the earlier
19 of:

20 (1) the 31st day after the day on which it is filed by
21 the Secretary of State; or

22 (2) the designation of a new registered agent for the
23 limited cooperative association or registered foreign
24 cooperative.

25 (c) A registered agent promptly shall furnish to the

1 limited cooperative association or registered foreign
2 cooperative notice in a record of the date on which a statement
3 of resignation was filed.

4 (d) When a statement of resignation takes effect, the
5 registered agent ceases to have responsibility under this Act
6 for any matter thereafter tendered to it as agent for the
7 limited cooperative association or registered foreign
8 cooperative. The resignation does not affect any contractual
9 rights the association or foreign cooperative has against the
10 agent or that the agent has against the association or foreign
11 cooperative.

12 (e) A registered agent may resign with respect to a limited
13 cooperative association or registered foreign cooperative
14 whether or not the association or foreign cooperative is in
15 good standing.

16 Section 121. Change of name or address by registered agent.

17 (a) If a registered agent changes its name or address, the
18 agent may deliver to the Secretary of State for filing a
19 statement of change that states:

20 (1) the name of the limited cooperative association or
21 registered foreign cooperative represented by the
22 registered agent;

23 (2) the name of the agent as currently shown in the
24 records of the Secretary of State for the association or
25 foreign cooperative;

1 (3) if the name of the agent has changed, its new name;
2 and
3 (4) if the address of the agent has changed, its new
4 address.

5 (b) A registered agent promptly shall furnish notice to the
6 represented limited cooperative association or registered
7 foreign cooperative of the filing by the Secretary of State of
8 the statement.

9 Section 122. Service of process, notice, or demand.

10 (a) A limited cooperative association or registered
11 foreign cooperative may be served with any process, notice, or
12 demand required or permitted by law by serving its registered
13 agent.

14 (b) If a limited cooperative association or registered
15 foreign cooperative ceases to have a registered agent, or if
16 its registered agent cannot with reasonable diligence be
17 served, the association or foreign cooperative may be served by
18 registered or certified mail, return receipt requested, or by
19 similar commercial delivery service, addressed to the
20 association or foreign cooperative at its principal office. The
21 address of the principal office must be as shown on the
22 association's or cooperative's most recent annual report filed
23 by the Secretary of State. Service is effected under this
24 subsection on the earliest of:

25 (1) the date the association or foreign cooperative

1 receives the mail or delivery by the commercial delivery
2 service;

3 (2) the date shown on the return receipt, if signed by
4 the association or foreign cooperative; or

5 (3) five days after its deposit with the United States
6 Postal Service or with the commercial delivery service, if
7 correctly addressed and with sufficient postage or
8 payment. (c) If process, notice, or demand cannot be served
9 on a limited cooperative association or registered foreign
10 cooperative pursuant to subsection (a) or (b), service may
11 be made by handing a copy to the individual in charge of
12 any regular place of business or activity of the
13 association or foreign cooperative if the individual
14 served is not a plaintiff in the action. (d) Service of
15 process, notice, or demand on a registered agent must be in
16 a written record. (e) Service of process, notice, or demand
17 may be made by other means under law other than this Act.

18 Article 2. FILING AND OTHER REPORTS

19 Section 201. Signing of records to be delivered for filing
20 to Secretary of State.

21 (a) A record delivered to the Secretary of State for filing
22 pursuant to this Act must be signed as follows:

23 (1) A limited cooperative association's initial
24 articles of organization must be signed by at least one

1 person acting as an organizer.

2 (2) A statement of withdrawal under Section 206 must be
3 signed as provided in that Section.

4 (3) Except as otherwise provided in paragraph (4), a
5 record signed by an existing association must be signed by
6 an officer.

7 (4) A record filed on behalf of a dissolved association
8 must be signed by a person winding up activities under
9 Section 1206(b) or a person appointed under Section 1206(c)
10 to wind up those activities.

11 (5) Any other record delivered on behalf of a person to
12 the Secretary of State for filing must be signed by that
13 person.

14 (b) A record delivered for filing under this Act may be
15 signed by an agent. Whenever this Act requires a particular
16 individual to sign a record and the individual is deceased or
17 incompetent, the record may be signed by a legal representative
18 of the individual.

19 (c) A person that signs a record as an agent or legal
20 representative affirms as a fact that the person is authorized
21 to sign the record.

22 Section 202. Signing and filing pursuant to judicial order.

23 (a) If a person required by this Act to sign or deliver a
24 record to the Secretary of State for filing under this Act does
25 not do so, any other person that is aggrieved may petition the

1 circuit court to order:

2 (1) the person to sign the record;

3 (2) the person to deliver the record to the Secretary
4 of State for filing; or

5 (3) the Secretary of State to file the record unsigned.

6 (b) If the petitioner under subsection (a) is not the
7 limited cooperative association or foreign cooperative to
8 which the record pertains, the petitioner shall make the
9 association or foreign cooperative a party to the action.

10 (c) A record filed under subsection (a)(3) is effective
11 without being signed.

12 Section 203. Liability for inaccurate information in filed
13 record.

14 (a) If a record delivered to the Secretary of State for
15 filing under this Act and filed by the Secretary of State
16 contains inaccurate information, a person that suffers a loss
17 by reliance on the information may recover damages for the loss
18 from a person that signed the record or caused another to sign
19 it on the person's behalf and knew at the time the record was
20 signed that the information was inaccurate.

21 (b) An individual who signs a record authorized or required
22 to be filed under this Act affirms under penalty of perjury
23 that the information stated in the record is accurate.

24 Section 204. Filing requirements.

1 (a) To be filed by the Secretary of State pursuant to this
2 Act, a record must be received by the Secretary of State,
3 comply with this Act, and satisfy the following:

4 (1) The filing of the record must be required or
5 permitted by this Act.

6 (2) The record must be physically delivered in written
7 form unless and to the extent the Secretary of State
8 permits electronic delivery of records.

9 (3) The words in the record must be in English, and
10 numbers must be in Arabic or Roman numerals, but the name
11 of an entity need not be in English if written in English
12 letters or Arabic or Roman numerals.

13 (4) The record must be signed by a person authorized or
14 required under this Act to sign the record.

15 (5) The record must state the name and capacity, if any, of
16 each individual who signed it, either on behalf of the
17 individual or the person authorized or required to sign the
18 record, but need not contain a seal, attestation,
19 acknowledgment, or verification.

20 (b) If law other than this Act prohibits the disclosure by
21 the Secretary of State of information contained in a record
22 delivered to the Secretary of State for filing, the Secretary
23 of State shall file the record if the record otherwise complies
24 with this Act but may redact the information.

25 (c) When a record is delivered to the Secretary of State
26 for filing, any fee required under this Act and any fee, tax,

1 interest, or penalty required to be paid under this Act or law
2 other than this Act must be paid in a manner permitted by the
3 Secretary of State or by that law.

4 (d) The Secretary of State may require that a record
5 delivered in written form be accompanied by an identical or
6 conformed copy.

7 (e) The Secretary of State may provide forms for entity
8 filings required or permitted to be made by this Act, but,
9 except as otherwise provided in subsection (f), their use is
10 not required.

11 (f) The Secretary of State may require that a cover sheet
12 for a filing be on a form prescribed by the Secretary of State.

13 Section 205. Effective date and time. Except as otherwise
14 provided in Section 206 and subject to Section 207(d), a record
15 filed under this Act is effective:

16 (1) on the date and at the time of its filing by the
17 Secretary of State, as provided in Section 208;

18 (2) on the date of filing and at the time specified in
19 the record as its effective time, if later than the time
20 under paragraph (1);

21 (3) at a specified delayed effective time and date,
22 which may not be more than 90 days after the date of
23 filing; or

24 (4) if a delayed effective date is specified, but no
25 time is specified, at 12:01 a.m. on the date specified,

1 which may not be more than 90 days after the date of
2 filing.

3 Section 206. Withdrawal of filed record before
4 effectiveness.

5 (a) Except as otherwise provided in Sections 1624, 1634,
6 1644, and 1654, a record delivered to the Secretary of State
7 for filing may be withdrawn before it takes effect by
8 delivering to the Secretary of State for filing a statement of
9 withdrawal.

10 (b) A statement of withdrawal must:

11 (1) be signed by each person that signed the record
12 being withdrawn, except as otherwise agreed by those
13 persons;

14 (2) identify the record to be withdrawn; and

15 (3) if signed by fewer than all the persons that signed
16 the record being withdrawn, state that the record is
17 withdrawn in accordance with the agreement of all the
18 persons that signed the record.

19 (c) On filing by the Secretary of State of a statement of
20 withdrawal, the action or transaction evidenced by the original
21 record does not take effect.

22 Section 207. Correcting filed record.

23 (a) A person on whose behalf a filed record was delivered
24 to the Secretary of State for filing may correct the record if:

- 1 (1) the record at the time of filing was inaccurate;
2 (2) the record was defectively signed; or
3 (3) the electronic transmission of the record to the
4 Secretary of State was defective.

5 (b) To correct a filed record, a person on whose behalf the
6 record was delivered to the Secretary of State must deliver to
7 the Secretary of State for filing a statement of correction.

8 (c) A statement of correction:

- 9 (1) may not state a delayed effective date;
10 (2) must be signed by the person correcting the filed
11 record;
12 (3) must identify the filed record to be corrected;
13 (4) must specify the inaccuracy or defect to be
14 corrected; and
15 (5) must correct the inaccuracy or defect.

16 (d) A statement of correction is effective as of the
17 effective date of the filed record that it corrects except as
18 to persons relying on the uncorrected filed record and
19 adversely affected by the correction. For those purposes and as
20 to those persons, the statement of correction is effective when
21 filed.

22 Section 208. Duty of Secretary of State to file; review of
23 refusal to file; delivery of record by Secretary of State.

24 (a) The Secretary of State shall file a record delivered to
25 the Secretary of State for filing which satisfies this Act. The

1 duty of the Secretary of State under this Section is
2 ministerial.

3 (b) When the Secretary of State files a record, the
4 Secretary of State shall record it as filed on the date and at
5 the time of its delivery. After filing a record, the Secretary
6 of State shall deliver to the person that submitted the record
7 a copy of the record with an acknowledgment of the date and
8 time of filing and, in the case of a statement of denial, also
9 to the limited cooperative association to which the statement
10 pertains.

11 (c) If the Secretary of State refuses to file a record, the
12 Secretary of State shall, not later than 15 business days after
13 the record is delivered:

14 (1) return the record or notify the person that
15 submitted the record of the refusal; and

16 (2) provide a brief explanation in a record of the
17 reason for the refusal.

18 (d) If the Secretary of State refuses to file a record, the
19 person that submitted the record may petition the circuit court
20 to compel filing of the record. The record and the explanation
21 of the Secretary of State of the refusal to file must be
22 attached to the petition. The court may decide the matter in a
23 summary proceeding.

24 (e) The filing of or refusal to file a record does not:

25 (1) affect the validity or invalidity of the record in
26 whole or in part; or

1 (2) create a presumption that the information
2 contained in the record is correct or incorrect.

3 (f) Except as provided by Section 122 or by law other than
4 this Act, the Secretary of State may deliver any record to a
5 person by delivering it:

6 (1) in person to the person that submitted it;

7 (2) to the address of the person's registered agent;

8 (3) to the principal office of the person; or

9 (4) to another address the person provides to the
10 Secretary of State for delivery.

11 Section 209. Certificate of good standing or registration.

12 (a) On request of any person, the Secretary of State shall
13 issue a certificate of good standing for a limited cooperative
14 association or a certificate of registration for a registered
15 foreign cooperative.

16 (b) A certificate under subsection (a) must state:

17 (1) the limited cooperative association's name or the
18 registered foreign cooperative's name used in this State;

19 (2) in the case of a limited cooperative association:

20 (A) that articles of organization have been filed
21 and have taken effect;

22 (B) the date the articles became effective;

23 (C) the period of the association's duration if the
24 records of the Secretary of State reflect that its
25 period of duration is less than perpetual; and

1 (D) that:

2 (i) no statement of dissolution, statement of
3 administrative dissolution, or statement of
4 termination has been filed;

5 (ii) the records of the Secretary to State do
6 not otherwise reflect that the association has
7 been dissolved or terminated; and

8 (iii) a proceeding is not pending under Section
9 1214;

10 (3) in the case of a registered foreign cooperative,
11 that it is registered to do business in this State;

12 (4) that all fees, taxes, interest, and penalties owed
13 to this State by the limited cooperative association or
14 foreign cooperative and collected through the Secretary of
15 State have been paid, if:

16 (A) payment is reflected in the records of
17 Secretary of State; and

18 (B) nonpayment affects the good standing or
19 registration of the association or foreign
20 cooperative;

21 (5) that the most recent annual report required by
22 Section 210 has been delivered to the Secretary of State
23 for filing; and

24 (6) other facts reflected in the records of the
25 Secretary of State pertaining to the limited cooperative
26 association or foreign cooperative which the person

1 requesting the certificate reasonably requests.

2 (c) Subject to any qualification stated in the certificate,
3 a certificate issued by the Secretary of State may be relied on
4 as conclusive evidence of the facts stated in the certificate.

5 Section 210. Annual report for Secretary of State.

6 (a) A limited cooperative association or registered
7 foreign cooperative shall deliver to the Secretary of State for
8 filing an annual report that states:

9 (1) the name of the association or foreign cooperative;

10 (2) the name and street and mailing addresses of its
11 registered agent in this State;

12 (3) the street and mailing addresses of its principal
13 office;

14 (4) the name of at least one director; and

15 (5) in the case of a foreign cooperative, its
16 jurisdiction of formation and any alternative name adopted
17 under Section 1506.

18 (b) Information the annual report must be current as of the
19 date the report is signed by the limited cooperative
20 association or registered foreign cooperative.

21 (c) The first annual report must be delivered to the
22 Secretary of State for filing after January 1 and before April
23 1 of the year following the calendar year in which the limited
24 cooperative association's articles of organization became
25 effective or the registered foreign cooperative registered to

1 do business in this State. Subsequent annual reports must be
2 delivered to the Secretary of State for filing after January 1
3 and before April 1 of each calendar year thereafter.

4 (d) If an annual report does not contain the information
5 required by this Section, the Secretary of State promptly shall
6 notify the reporting limited cooperative association or
7 registered foreign cooperative in a record and return the
8 report for correction.

9 (e) If an annual report under this Section contains the
10 name or address of a registered agent which differs from the
11 information shown in the records of the Secretary of State
12 immediately before the report becomes effective, the differing
13 information is considered a statement of change under Section
14 119.

15 Section 211. Filing fees. The filing fee for records filed
16 under this Article by the Secretary of State shall be set by
17 rule of the Secretary of State.

18 Article 3. ORGANIZATION OF LIMITED
19 COOPERATIVE ASSOCIATION

20 Section 301. Formation of limited cooperative association;
21 articles of organization.

22 (a) One or more persons may act as organizers to form a
23 limited cooperative association by delivering to the Secretary

1 of State for filing articles of organization.

2 (b) The articles of organization must state:

3 (1) the name of the limited cooperative association,
4 which must comply with Section 115;

5 (2) the purposes for which the association is formed;

6 (3) the street and mailing addresses in this State of
7 the initial registered agent;

8 (4) the street and mailing addresses of the initial
9 principal office;

10 (5) the name and street and mailing addresses of each
11 organizer; and

12 (6) the term for which the association is to exist if
13 other than perpetual.

14 (c) Subject to Section 109, articles of organization may
15 contain any other provisions in addition to those required by
16 subsection (a).

17 (d) A limited cooperative association is formed after
18 articles of organization that substantially comply with
19 subsection (a) are delivered to the Secretary of State, are
20 filed, and become effective under Section 205.

21 Section 302. Organization of limited cooperative
22 association.

23 (a) After a limited cooperative association is formed:

24 (1) if initial directors are named in the articles of
25 organization, the initial directors shall hold an

1 organizational meeting to adopt initial bylaws and carry on
2 any other business necessary or proper to complete the
3 organization of the association; or

4 (2) if initial directors are not named in the articles
5 of organization, the organizers shall designate the
6 initial directors and call a meeting of the initial
7 directors to adopt initial bylaws and carry on any other
8 business necessary or proper to complete the organization
9 of the association.

10 (b) Unless the articles of organization otherwise provide,
11 the initial directors may cause the limited cooperative
12 association to accept members, including those necessary for
13 the association to begin business.

14 (c) Initial directors need not be members.

15 (d) An initial director serves until a successor is elected
16 and qualified at a members meeting or the director is removed,
17 resigns, is adjudged incompetent, or dies.

18 Section 303. Bylaws.

19 (a) Bylaws must be in a record and, if not stated in the
20 articles of organization, must include:

21 (1) a statement of the capital structure of the limited
22 cooperative association, including:

23 (A) the classes or other types of members'
24 interests and relative rights, preferences, and
25 restrictions granted to or imposed upon each class or

1 other type of member's interest; and

2 (B) the rights to share in profits or distributions
3 of the association;

4 (2) a statement of the method for admission of members;

5 (3) a statement designating voting and other
6 governance rights, including which members have voting
7 power and any restriction on voting power;

8 (4) a statement that a member's interest is
9 transferable if it is to be transferable and a statement of
10 the conditions upon which it may be transferred;

11 (5) a statement concerning the manner in which profits
12 and losses are allocated and distributions are made among
13 patron members and, if investor members are authorized, the
14 manner in which profits and losses are allocated and how
15 distributions are made among investor members and between
16 patron members and investor members;

17 (6) a statement concerning:

18 (A) whether persons that are not members but
19 conduct business with the association may be permitted
20 to share in allocations of profits and losses and
21 receive distributions;

22 (B) the manner in which profits and losses are
23 allocated and distributions are made with respect to
24 those persons; and

25 (7) a statement of the number and terms of directors or
26 the method by which the number and terms are determined.

1 organic rules of a limited cooperative association may be
2 amended only at a members meeting. An amendment may be proposed
3 by either:

4 (1) a majority of the board of directors, or a greater
5 percentage if required by the organic rules; or

6 (2) one or more petitions signed by at least 10 % of
7 the patron members or at least 10 % of the investor
8 members.

9 (b) The board of directors shall call a members meeting to
10 consider an amendment proposed pursuant to subsection (a). The
11 meeting must be held not later than 90 days following the
12 proposal of the amendment by the board or receipt of a
13 petition. The board must mail or otherwise transmit or deliver
14 in a record to each member:

15 (1) the proposed amendment, or a summary of the
16 proposed amendment and a statement of the manner in which a
17 copy of the amendment in a record may be reasonably
18 obtained by a member;

19 (2) a recommendation that the members approve the
20 amendment, or if the board determines that because of
21 conflict of interest or other special circumstances it
22 should not make a favorable recommendation, the basis for
23 that determination;

24 (3) a statement of any condition of the board's
25 submission of the amendment to the members; and

26 (4) notice of the meeting at which the proposed

1 amendment will be considered, which must be given in the
2 same manner as notice for a special meeting of members.

3 Section 403. Method of voting on amendment of organic
4 rules.

5 (a) A substantive change to a proposed amendment of the
6 organic rules may not be made at the members meeting at which a
7 vote on the amendment occurs.

8 (b) A nonsubstantive change to a proposed amendment of the
9 organic rules may be made at the members meeting at which the
10 vote on the amendment occurs and need not be separately voted
11 upon by the board of directors.

12 (c) A vote to adopt a nonsubstantive change to a proposed
13 amendment to the organic rules must be by the same percentage
14 of votes required to pass a proposed amendment.

15 Section 404. Voting by district, class, or voting group.

16 (a) This Section applies if the organic rules provide for
17 voting by district or class, or if there is one or more
18 identifiable voting groups that a proposed amendment to the
19 organic rules would affect differently from other members with
20 respect to matters identified in Section 405(e) (1) through (5).
21 Approval of the amendment requires the same percentage of votes
22 of the members of that district, class, or voting group
23 required in Sections 405 and 514.

24 (b) If a proposed amendment to the organic rules would

1 affect members in 2 or more districts or classes entitled to
2 vote separately under subsection (a) in the same or a
3 substantially similar way, the districts or classes affected
4 must vote as a single voting group unless the organic rules
5 otherwise provide for separate voting.

6 Section 405. Approval of amendment.

7 (a) Subject to Section 404 and subsections (c) and (d), an
8 amendment to the articles of organization must be approved by:

9 (1) at least two-thirds of the voting power of members
10 present at a members meeting called under Section 402; and

11 (2) if the limited cooperative association has
12 investor members, at least a majority of the votes cast by
13 patron members, unless the organic rules require a greater
14 percentage vote by patron members.

15 (b) Subject to Section 404 and subsections (c), (d), (e)
16 and (f), an amendment to the bylaws must be approved by:

17 (1) at least a majority vote of the voting power of all
18 members present at a members meeting called under Section
19 402, unless the organic rules require a greater percentage;
20 and

21 (2) if a limited cooperative association has investor
22 members, a majority of the votes cast by patron members,
23 unless the organic rules require a larger affirmative vote
24 by patron members.

25 (c) The organic rules may require that the percentage of

1 votes under subsection (a) (1) or (b) (1) be:

2 (1) a different percentage that is not less than a
3 majority of members voting at the meeting;

4 (2) measured against the voting power of all members;
5 or

6 (3) a combination of paragraphs (1) and (2).

7 (d) Consent in a record by a member must be delivered to a
8 limited cooperative association before delivery of an
9 amendment to the articles of organization or restated articles
10 of organization for filing pursuant to Section 407, if as a
11 result of the amendment the member will have:

12 (1) personal liability for an obligation of the
13 association; or

14 (2) an obligation or liability for an additional
15 contribution.

16 (e) The vote required to amend bylaws must satisfy the
17 requirements of subsection (a) if the proposed amendment
18 modifies:

19 (1) the equity capital structure of the limited
20 cooperative association, including the rights of the
21 association's members to share in profits or
22 distributions, or the relative rights, preferences, and
23 restrictions granted to or imposed upon one or more
24 districts, classes, or voting groups of similarly situated
25 members;

26 (2) the transferability of a member's interest;

1 (3) the manner or method of allocation of profits or
2 losses among members;

3 (4) the quorum for a meeting and the rights of voting
4 and governance; or

5 (5) unless otherwise provided in the organic rules, the
6 terms for admission of new members.

7 (f) Except for the matters described in subsection (e), the
8 articles of organization may delegate amendment of all or a
9 part of the bylaws to the board of directors without requiring
10 member approval.

11 (g) If the articles of organization delegate amendment of
12 bylaws to the board of directors, the board shall provide a
13 description of any amendment of the bylaws made by the board to
14 the members in a record not later than 30 days after the
15 amendment, but the description may be provided at the next
16 annual members meeting if the meeting is held within the 30-day
17 period.

18 Section 406. Restated articles of organization. A limited
19 cooperative association, by the affirmative vote of a majority
20 of the board of directors taken at a meeting for which the
21 purpose is stated in the notice of the meeting, may adopt
22 restated articles of organization that contain the original
23 articles as previously amended. Restated articles may contain
24 amendments if the restated articles are adopted in the same
25 manner and with the same vote as required for amendments to the

1 articles under Section 405(a). Upon filing, restated articles
2 supersede the existing articles and all amendments.

3 Section 407. Amendment or restatement of articles of
4 organization; filing.

5 (a) To amend its articles of organization, a limited
6 cooperative association must deliver to the Secretary of State
7 for filing an amendment of the articles, or restated articles
8 of organization or articles of merger, interest exchange,
9 conversion, or domestication pursuant to Article 16, which
10 contain one or more amendments of the articles of organization,
11 stating:

12 (1) the name of the association;

13 (2) the date of filing of the association's initial
14 articles; and

15 (3) the text of the amendment.

16 (b) Before the beginning of the initial meeting of the
17 board of directors, an organizer who knows that information in
18 the filed articles of organization was inaccurate when the
19 articles were filed or has become inaccurate due to changed
20 circumstances shall promptly:

21 (1) cause the articles to be amended; or

22 (2) if appropriate, deliver an amendment to the
23 Secretary of State for filing pursuant to Section 204.

24 (c) To restate its articles of organization, a limited
25 cooperative association must deliver to the Secretary of State

1 for filing a restatement designated as such in its heading.

2 (d) Upon filing, an amendment of the articles of
3 organization or other record containing an amendment of the
4 articles which has been properly adopted by the members is
5 effective as provided in Section 205.

6 Article 5. MEMBERS

7 Section 501. Members. To begin business, a limited
8 cooperative association must have at least 2 patron members
9 unless the sole member is a cooperative.

10 Section 502. Becoming member.

11 (a) If a limited cooperative association is to have only
12 one cooperative member upon formation, the cooperative becomes
13 a member as agreed by that cooperative and the organizer of the
14 association. That cooperative and the organizer may be, but
15 need not be, different persons. If different, the organizer
16 acts on behalf of the initial cooperative member.

17 (b) If a limited cooperative association is to have more
18 than one member upon formation, those persons become members as
19 agreed by the persons before the formation of the association.
20 The organizer acts on behalf of the persons in forming the
21 association and may be, but need not be, one of the persons.

22 (c) After formation of a limited cooperative association, a
23 person becomes a member:

- 1 (1) as provided in the organic rules;
- 2 (2) as the result of a transaction effective under
- 3 Article 16;
- 4 (3) with the affirmative vote or consent of all the
- 5 members; or
- 6 (4) as provided in Section 1202(3).

7 Section 503. No agency power of member as member.

8 (a) A member is not an agent of a limited cooperative
9 association solely by reason of being a member.

10 (b) A person's status as a member does not prevent or
11 restrict law other than this Act from imposing liability on a
12 limited cooperative association because of the person's
13 conduct.

14 Section 504. Liability of members and directors.

15 (a) A debt, obligation, or other liability of a limited
16 cooperative association is solely the debt, obligation, or
17 other liability of the association. A member or director is not
18 personally liable, directly or indirectly, by way of
19 contribution or otherwise, for a debt, obligation, or other
20 liability of the association solely by reason of being or
21 acting as a member or director of the association. This
22 subsection applies regardless of the dissolution of the
23 association.

24 (b) The failure of a limited cooperative association to

1 observe formalities relating to the exercise of its powers or
2 management of its activities and affairs is not a ground for
3 imposing liability on any member or director for a debt,
4 obligation, or other liability of the association.

5 Section 505. Right of members and dissociated members to
6 information.

7 (a) On reasonable notice, a member may inspect and copy
8 during regular business hours, at the principal office or a
9 reasonable location specified by the limited cooperative
10 association, required information listed in Sections 110(a)(1)
11 through (8). A member need not have any particular purpose for
12 seeking the information. The association is not required to
13 provide the same information listed in Section 110(a)(1)
14 through (8) to the same member more than once during a 6-month
15 period.

16 (b) On reasonable notice, a member may inspect and copy
17 during regular business hours, at the principal office or a
18 reasonable location specified by the limited cooperative
19 association, required information listed in Section 110(a)(9),
20 (10), (12), (13), (16), and (18), if:

21 (1) the member seeks the information in good faith and
22 for a proper purpose reasonably related to the member's
23 interest;

24 (2) the demand includes a description with reasonable
25 particularity of the information sought and the purpose for

1 seeking the information;

2 (3) the information sought is directly connected to the
3 member's purpose; and

4 (4) the demand is reasonable.

5 (c) Not later than 10 business days after receipt of a
6 demand pursuant to subsection (b), a limited cooperative
7 association shall provide, in a record, the following
8 information to the member that made the demand:

9 (1) if the association agrees to provide the demanded
10 information:

11 (A) what information the association will provide
12 in response to the demand; and

13 (B) a reasonable time and place at which the
14 association will provide the information; or

15 (2) if the association declines to provide some or all
16 of the demanded information, the association's reasons for
17 declining.

18 (d) On 10 days' demand made in a record received by a
19 limited cooperative association, a dissociated member may have
20 access to information to which the person was entitled while a
21 member if the information pertains to the period during which
22 the person was a member, the person seeks the information in
23 good faith, and the person satisfies the requirements imposed
24 on a member by subsection (b) (2). The association shall respond
25 to a demand made pursuant to this subsection in the manner
26 provided in subsection (b) (3).

1 (e) Not later than 10 business days after receipt by a
2 limited cooperative association of a demand made by a member in
3 a record, but not more often than once in a 6-month period, the
4 association shall deliver to the member a record stating the
5 information with respect to the member required by Section
6 110(a)(17).

7 (f) In addition to any restriction or condition stated in
8 its organic rules, a limited cooperative association, as a
9 matter within the ordinary course of its activities and
10 affairs, may impose reasonable restrictions and conditions on
11 access to and use of information to be furnished under this
12 Section, including designating information confidential and
13 imposing nondisclosure and safeguarding obligations on the
14 recipient. In a dispute concerning the reasonableness of a
15 restriction under this subsection, the association has the
16 burden of proving reasonableness.

17 (g) A limited cooperative association may charge a person
18 that makes a demand under this Section reasonable costs of
19 copying, limited to the costs of labor and material.

20 (h) A member or dissociated member may exercise rights
21 under this Section through an agent or, in the case of an
22 individual under legal disability, a legal representative. Any
23 restriction or condition imposed by the organic rules or under
24 subsection (g) applies both to the agent or legal
25 representative and the member or dissociated member.

26 (i) The rights stated in this Section do not extend to a

1 person as transferee.

2 (j) The organic rules may require a limited cooperative
3 association to provide more information than required by this
4 Section and may establish conditions and procedures for
5 providing the information.

6 Section 506. Annual meeting of members.

7 (a) Members shall meet annually at a time provided in the
8 organic rules or set by the board of directors not inconsistent
9 with the organic rules.

10 (b) An annual members meeting may be held inside or outside
11 this State at the place stated in the organic rules or selected
12 by the board of directors not inconsistent with the organic
13 rules.

14 (c) Unless the organic rules otherwise provide, members may
15 attend or conduct an annual members meeting through any means
16 of communication if all members attending the meeting can
17 communicate with each other during the meeting.

18 (d) The board of directors shall report, or cause to be
19 reported, at the association's annual members meeting the
20 association's business and financial condition as of the close
21 of the most recent fiscal year.

22 (e) Unless the organic rules otherwise provide, the board
23 of directors shall designate the presiding officer of the
24 association's annual members meeting.

25 (f) Failure to hold an annual members meeting does not

1 affect the validity of any action by the limited cooperative
2 association.

3 Section 507. Special meeting of members.

4 (a) A special meeting of members may be called only:

5 (1) as provided in the organic rules;

6 (2) by a majority vote of the board of directors on a
7 proposal stating the purpose of the meeting;

8 (3) by demand in a record signed by members holding at
9 least 20 % of the voting power of the persons in any
10 district or class entitled to vote on the matter that is
11 the purpose of the meeting stated in the demand; or

12 (4) by demand in a record signed by members holding at
13 least 10 % of the total voting power of all the persons
14 entitled to vote on the matter that is the purpose of the
15 meeting stated in the demand.

16 (b) A demand under subsection (a)(3) or (4) must be
17 submitted to the officer of the limited cooperative association
18 charged with keeping its records.

19 (c) Any voting member may withdraw its demand under
20 subsection (a)(3) or (4) before receipt by the limited
21 cooperative association of demands sufficient to require a
22 special meeting of members.

23 (d) A special meeting of members may be held inside or
24 outside this State at the place stated in the organic rules or
25 selected by the board of directors not inconsistent with the

1 organic rules.

2 (e) Unless the organic rules otherwise provide, members may
3 attend or conduct a special meeting of members through the use
4 of any means of communication if all members attending the
5 meeting can communicate with each other during the meeting.

6 (f) Only business within the purpose or purposes stated in
7 the notice of a special meeting of members may be conducted at
8 the meeting.

9 (g) Unless the organic rules otherwise provide, the
10 presiding officer of a special meeting of members shall be
11 designated by the board of directors.

12 Section 508. Notice of members meeting.

13 (a) A limited cooperative association shall notify each
14 member of the time, date, and place of a members meeting at
15 least 15 and not more than 60 days before the meeting.

16 (b) Unless the organic rules otherwise provide, notice of
17 an annual members meeting need not include any purpose of the
18 meeting.

19 (c) Notice of a special meeting of members must include
20 each purpose of the meeting as contained in the demand under
21 Section 507(a)(3) or (4) or as voted upon by the board of
22 directors under Section 507(a)(2).

23 (d) Notice of a members meeting must be given in a record
24 unless oral notice is reasonable under the circumstances.

1 Section 509. Waiver of members meeting notice.

2 (a) A member may waive notice of a members meeting before,
3 during, or after the meeting.

4 (b) A member's participation in a members meeting is a
5 waiver of notice of that meeting unless the member objects to
6 the meeting at the beginning of the meeting or promptly upon
7 the member's arrival at the meeting and does not thereafter
8 vote for or assent to action taken at the meeting.

9 Section 510. Quorum of members. Unless the organic rules
10 otherwise require a greater number of members or percentage of
11 the voting power, the voting member or members present at a
12 members meeting constitute a quorum.

13 Section 511. Voting by patron members. Except as provided
14 by Section 512(a), each patron member has one vote. The organic
15 rules may allocate voting power among patron members as
16 provided in Section 512(a).

17 Section 512. Allocation of voting power of patron member.

18 (a) The organic rules may allocate voting power among
19 patron members on the basis of one or a combination of the
20 following:

- 21 (1) one member, one vote;
22 (2) use or patronage;
23 (3) equity; or

1 (4) if a patron member is a cooperative, the number of
2 its patron members.

3 (b) The organic rules may provide for the allocation of
4 patron member voting power by districts or class, or any
5 combination thereof.

6 Section 513. Voting by investor members. If the organic
7 rules provide for investor members, each investor member has
8 one vote, unless the organic rules otherwise provide. The
9 organic rules may provide for the allocation of investor member
10 voting power by class, classes, or any combination of classes.

11 Section 514. Voting requirements for members. If a limited
12 cooperative association has both patron and investor members,
13 the following rules apply:

14 (1) the total voting power of all patron members may
15 not be less than a majority of the entire voting power
16 entitled to vote.

17 (2) action on any matter is approved only upon the
18 affirmative vote of at least a majority

19 (A) all members voting at the meeting unless more
20 than a majority is required by Article 4, 12, 14, or 16
21 or the organic rules; and

22 (B) votes cast by patron members unless the organic
23 rules require a larger affirmative vote by patron
24 members.

1 (3) The organic rules may provide for the percentage of
2 the affirmative votes that must be cast by investor members
3 to approve the matter.

4 Section 515. Manner of voting.

5 (a) Unless the organic rules otherwise provide, voting by a
6 proxy at a members meeting is prohibited. This subsection does
7 not prohibit delegate voting based on district or class.

8 (b) If voting by a proxy is permitted, a patron member may
9 appoint only another patron member as a proxy and, if investor
10 members are permitted, an investor member may appoint only
11 another investor member as a proxy.

12 (c) The organic rules may provide for the manner of and
13 provisions governing the appointment of a proxy.

14 (d) The organic rules may provide for voting on any
15 question by ballot delivered by mail or voting by other means
16 on questions that are subject to vote by members.

17 Section 516. Action without a meeting.

18 (a) Unless the organic rules require that action be taken
19 only at a members meeting, any action that may be taken by the
20 members may be taken without a meeting if each member entitled
21 to vote on the action consents in a record to the action.

22 (b) Consent under subsection (a) may be withdrawn by a
23 member in a record at any time before the limited cooperative
24 association receives a consent from each member entitled to

1 vote.

2 (c) Consent to any action may specify the effective date or
3 time of the action.

4 Section 517. Districts and delegates; classes of members.

5 (a) The organic rules may provide for the formation of
6 geographic districts of patron members and:

7 (1) for the conduct of patron member meetings by
8 districts and the election of directors at the meetings; or

9 (2) that districts may elect district delegates to
10 represent and vote for the district at members meetings.

11 (b) A delegate elected under subsection (a) (2) has one vote
12 unless voting power is otherwise allocated by the organic
13 rules.

14 (c) The organic rules may provide for the establishment of
15 classes of members, for the preferences, rights, and
16 limitations of the classes, and:

17 (1) for the conduct of members meetings by classes and
18 the election of directors at the meetings; or

19 (2) that classes may elect class delegates to represent
20 and vote for the class in members meetings.

21 (d) A delegate elected under subsection (c) (2) has one vote
22 unless voting power is otherwise allocated by the organic
23 rules.

24 Section 518. Approval of transaction under Article 16.

1 (a) For a limited cooperative association to approve a plan
2 for a transaction under Article 16, the plan must be approved
3 by a majority of the board of directors, or a greater vote if
4 required by the organic rules, and the board shall call a
5 members meeting to consider the plan, hold the meeting not
6 later than 90 days after approval of the plan by the board, and
7 mail or otherwise transmit or deliver in a record to each
8 member:

9 (1) the plan, or a summary of the plan and a statement
10 of the manner in which a copy of the plan in a record
11 reasonably may be obtained by a member;

12 (2) a recommendation that the members approve the plan,
13 or if the board determines that because of a conflict of
14 interest or other circumstances it should not make a
15 favorable recommendation, the basis for that
16 determination;

17 (3) a statement of any condition of the board's
18 submission of the plan to the members; and

19 (4) notice of the meeting at which the plan will be
20 considered, which must be given in the same manner as
21 notice of a special meeting of members.

22 (b) Subject to subsections (c) and (d), a plan must be
23 approved by:

24 (1) at least two-thirds of the voting power of members
25 present at a members meeting called under subsection (a);
26 and

1 (2) if the limited cooperative association has
2 investor members, at least a majority of the votes cast by
3 patron members, unless the organic rules require a greater
4 percentage vote by patron members.

5 (c) The organic rules may provide that the required vote
6 under subsection (b) (1) be:

7 (1) a different fraction that is not less than a
8 majority of members voting at the meeting;

9 (2) measured against the voting power of all members;

10 or

11 (3) a combination of paragraphs (1) and (2).

12 (d) The vote required under subsections (b) and (c) to
13 approve a plan may not be less than the vote required for the
14 members of the limited cooperative association to amend the
15 articles of organization.

16 (e) A member's consent in a record to a plan must be
17 delivered to the limited cooperative association before
18 delivery to the Secretary of State for filing of articles of
19 merger, interest exchange, conversion, or domestication if, as
20 a result of the merger, interest exchange, conversion, or
21 domestication, the member will have interest holder liability
22 for debts, obligations, or other liabilities that are incurred
23 after the transaction becomes effective.

24 (f) The voting requirements for districts, classes, or
25 voting groups under Section 404 apply to approval of a
26 transaction under this Article.

1 Article 6. MEMBER'S INTEREST IN LIMITED COOPERATIVE
2 ASSOCIATION

3 Section 601. Member's interest. A member's interest:

4 (1) is personal property;

5 (2) consists of:

6 (A) governance rights;

7 (B) financial rights; and

8 (C) the right or obligation, if any, to do business
9 with the limited cooperative association; and

10 (3) may be in certificated or uncertificated form.

11 Section 602. Patron and investor members' interests.

12 (a) Unless the organic rules establish investor members'
13 interests, a member's interest is a patron member's interest.

14 (b) Unless the organic rules otherwise provide, if a
15 limited cooperative association has investor members, while a
16 person is a member of the association, the person:

17 (1) if admitted as a patron member, remains a patron
18 member;

19 (2) if admitted as an investor member, remains an
20 investor member; and

21 (3) if admitted as a patron member and investor member
22 remains a patron and investor member if not dissociated in
23 one of the capacities.

1 Section 603. Transferability of member's interest.

2 (a) The provisions of this Act relating to the
3 transferability of a member's interest are subject to the
4 Uniform Commercial Code.

5 (b) Unless the organic rules otherwise provide, a member's
6 interest other than financial rights is not transferable.

7 (c) Unless a transfer is restricted or prohibited by the
8 organic rules, a member may transfer its financial rights in
9 the limited cooperative association.

10 (d) The terms of any restriction on transferability of
11 financial rights must be:

12 (1) set forth in the organic rules and the member records
13 of the association; and

14 (2) conspicuously noted on any certificates evidencing
15 a member's interest.

16 (e) A transferee of a member's financial rights, to the
17 extent the rights are transferred, has the right to share in
18 the allocation of profits or losses and to receive the
19 distributions to the member transferring the interest to the
20 same extent as the transferring member.

21 (f) A transferee of a member's financial rights does not
22 become a member upon transfer of the rights unless the
23 transferee is admitted as a member by the limited cooperative
24 association.

25 (g) A limited cooperative association need not give effect

1 to a transfer under this Section until the association has
2 notice of the transfer.

3 (h) A transfer of a member's financial rights in violation
4 of a restriction on transfer contained in the organic rules is
5 ineffective if the intended transferee has notice of the
6 restriction at the time of transfer.

7 Section 604. Security interest and set-off.

8 (a) A member or transferee may create an enforceable
9 security interest in its financial rights in a limited
10 cooperative association.

11 (b) Unless the organic rules otherwise provide, a member
12 may not create an enforceable security interest in the member's
13 governance rights in a limited cooperative association.

14 (c) The organic rules may provide that a limited
15 cooperative association has a security interest in the
16 financial rights of a member to secure payment of any
17 indebtedness or other obligation of the member to the
18 association. A security interest provided for in the organic
19 rules is enforceable under, and governed by, Article 9 of the
20 Uniform Commercial Code.

21 (d) Unless the organic rules otherwise provide, a member
22 may not compel the limited cooperative association to offset
23 financial rights against any indebtedness or obligation owed to
24 the association.

1 Section 605. Charging order.

2 (a) On application by a judgment creditor of a member or
3 transferee, a court may enter a charging order against the
4 financial rights of the judgment debtor for the unsatisfied
5 amount of the judgment. Except as otherwise provided in
6 subsection (f), a charging order constitutes a lien on the
7 judgment debtor's financial rights and requires the limited
8 cooperative association to pay over to the person to which the
9 charging order was issued any distribution that otherwise would
10 be paid to the judgment debtor.

11 (b) To the extent necessary to effectuate the collection of
12 distributions pursuant to a charging order under subsection
13 (a), the court may:

14 (1) appoint a receiver of the distributions subject to
15 the charging order, with the power to make all inquiries
16 the judgment debtor might have made; and

17 (2) make all other orders necessary to give effect to
18 the charging order.

19 (c) Upon a showing that distributions under a charging
20 order will not pay the judgment debt within a reasonable time,
21 the court may foreclose the lien and order the sale of the
22 financial rights. Except as otherwise provided in subsection
23 (f), the purchaser at the foreclosure sale obtains only the
24 financial rights that are subject to the charging order, does
25 not thereby become a member, and is subject to Section 603.

26 (d) At any time before foreclosure under subsection (c),

1 the member or transferee whose financial rights are subject to
2 a charging order under subsection (a) may extinguish the
3 charging order by satisfying the judgment and filing a
4 certified copy of the satisfaction with the court that issued
5 the charging order.

6 (e) At any time before foreclosure under subsection (c),
7 the limited cooperative association or one or more members
8 whose financial rights are not subject to the charging order
9 may pay to the judgment creditor the full amount due under the
10 judgment and thereby succeed to the rights of the judgment
11 creditor, including the charging order. Unless the organic
12 rules otherwise provide, the association may act under this
13 subsection only with the consent of all members whose financial
14 rights are not subject to the charging order.

15 (f) If a court forecloses a charging order lien against the
16 sole member of a limited cooperative association:

17 (1) the court shall confirm the sale;

18 (2) the purchaser at the sale obtains the member's
19 entire interest, not only the member's financial rights;

20 (3) the purchaser thereby becomes a member; and

21 (4) the person whose interest was subject to the
22 foreclosed charging order is dissociated as a member.

23 (g) This Act does not deprive any member or transferee of
24 the benefit of any exemption law applicable to the member's or
25 transferee's financial rights.

26 (h) This Section provides the exclusive remedy by which a

1 person seeking in the capacity of judgment creditor to enforce
2 a judgment against a member or transferee may satisfy the
3 judgment from the judgment debtor's financial rights.

4 Article 7. MARKETING CONTRACTS

5 Section 701. Authority. In this Article, "marketing
6 contract" means a contract between a limited cooperative
7 association and another person, that need not be a patron
8 member:

9 (1) requiring the other person to sell, or deliver for
10 sale or marketing on the person's behalf, a specified part
11 of the person's products, commodities, or goods
12 exclusively to or through the association or any facilities
13 furnished by the association; or

14 (2) authorizing the association to act for the person
15 in any manner with respect to the products, commodities, or
16 goods.

17 Section 702. Marketing contracts.

18 (a) If a marketing contract provides for the sale of
19 products, commodities, or goods to a limited cooperative
20 association, the sale transfers title to the association upon
21 delivery or at any other specific time expressly provided by
22 the contract.

23 (b) A marketing contract may:

1 (1) authorize a limited cooperative association to
2 create an enforceable security interest in the products,
3 commodities, or goods delivered; and

4 (2) allow the association to sell the products,
5 commodities, or goods delivered and pay the sales price on
6 a pooled or other basis after deducting selling costs,
7 processing costs, overhead, expenses, and other charges.

8 (c) Some or all of the provisions of a marketing contract
9 between a patron member and a limited cooperative association
10 may be contained in the organic rules.

11 Section 703. Duration of marketing contract. The initial
12 duration of a marketing contract may not exceed 10 years, but
13 the contract may be self-renewing for additional periods not
14 exceeding 5 years each. Unless the contract provides for
15 another manner or time for termination, either party may
16 terminate the contract by giving notice in a record at least 90
17 days before the end of the current term.

18 Section 704. Remedies for breach of contract.

19 (a) Damages to be paid to a limited cooperative association
20 for breach or anticipatory repudiation of a marketing contract
21 may be liquidated, but only at an amount or under a formula
22 that is reasonable in light of the actual or anticipated harm
23 caused by the breach or repudiation. A provision that so
24 provides is not a penalty.

1 (b) Upon a breach of a marketing contract, whether by
2 anticipatory repudiation or otherwise, a limited cooperative
3 association may seek:

- 4 (1) an injunction to prevent further breach; and
5 (2) specific performance.

6 (c) The remedies in this Section are in addition to any
7 other remedies available to an association under law other than
8 this Act.

9 Article 8. DIRECTORS AND OFFICERS

10 Section 801. Board of directors.

11 (a) A limited cooperative association must have a board of
12 directors of at least 3 individuals, unless the association has
13 fewer than 3 members. If the association has fewer than 3
14 members, the number of directors may not be fewer than the
15 number of members.

16 (b) The affairs of a limited cooperative association must
17 be managed by, or under the direction of, the board of
18 directors. The board may adopt policies and procedures that do
19 not conflict with the organic rules or this Act.

20 (c) An individual is not an agent for a limited cooperative
21 association solely by being a director.

22 Section 802. No liability as director for limited
23 cooperative association's obligations. A debt, obligation, or

1 other liability of a limited cooperative association is solely
2 that of the association and is not a debt, obligation, or
3 liability of a director solely by reason of being a director.
4 An individual is not personally liable, directly or indirectly,
5 for an obligation of an association solely by reason of being a
6 director.

7 Section 803. Qualifications of directors.

8 (a) Unless the organic rules otherwise provide, and subject
9 to subsection (c), each director of a limited cooperative
10 association must be an individual who is a member of the
11 association or an individual who is designated by a member that
12 is not an individual for purposes of qualifying and serving as
13 a director. Initial directors need not be members.

14 (b) Unless the organic rules otherwise provide, a director
15 may be an officer or employee of the limited cooperative
16 association.

17 (c) If the organic rules provide for nonmember directors,
18 the number of nonmember directors may not exceed:

19 (1) one, if there are 2 through 4 directors;

20 (2) two, if there are 5 through 8 directors; or

21 (3) one-third of the total number of directors if there
22 are at least 9 directors.

23 (d) The organic rules may provide qualifications for
24 directors in addition to those in this Section.

1 Section 804. Election of directors and composition of
2 board.

3 (a) Unless the organic rules require a greater number:

4 (1) the number of directors that must be patron members
5 may not be fewer than:

6 (A) one, if there are 2 or 3 directors;

7 (B) two, if there are 4 or 5 directors;

8 (C) three, if there are 6 through 8 directors; or

9 (D) one-third of the directors if there are at
10 least 9 directors; and

11 (2) a majority of the board of directors must be
12 elected exclusively by patron members.

13 (b) Unless the organic rules otherwise provide, if a
14 limited cooperative association has investor members, the
15 directors who are not elected exclusively by patron members are
16 elected by the investor members.

17 (c) Subject to subsection (a), the organic rules may
18 provide for the election of all or a specified number of
19 directors by one or more districts or classes of members.

20 (d) Subject to subsection (a), the organic rules may
21 provide for the nomination or election of directors by
22 districts or classes, directly or by district delegates.

23 (e) If a class of members consists of a single member, the
24 organic rules may provide for the member to appoint a director
25 or directors.

26 (f) Unless the organic rules otherwise provide, cumulative

1 voting for directors is prohibited.

2 (g) Except as otherwise provided by the organic rules,
3 subsection (e), or Sections 302, 516, 517, and 809, member
4 directors must be elected at an annual members meeting.

5 Section 805. Term of director.

6 (a) Unless the organic rules otherwise provide, and subject
7 to subsections (c) and (d) and Section 302(d), the term of a
8 director expires at the annual members meeting following the
9 director's election or appointment. The term of a director may
10 not exceed 3 years.

11 (b) Unless the organic rules otherwise provide, a director
12 may be reelected.

13 (c) Except as otherwise provided in subsection (d), a
14 director continues to serve until a successor director is
15 elected or appointed and qualifies or the director is removed,
16 resigns, is adjudged incompetent, or dies.

17 (d) Unless the organic rules otherwise provide, a director
18 does not serve the remainder of the director's term if the
19 director ceases to qualify to be a director.

20 Section 806. Resignation of director. A director may resign
21 at any time by giving notice in a record to the limited
22 cooperative association. Unless the notice states a later
23 effective date, a resignation is effective when the notice is
24 received by the association.

1 Section 807. Removal of director. Unless the organic rules
2 otherwise provide, the following rules apply:

3 (1) Members may remove a director with or without
4 cause.

5 (2) A member or members holding at least 10 % of the
6 total voting power entitled to be voted in the election of
7 a director may demand removal of the director by one or
8 more signed petitions submitted to the officer of the
9 limited cooperative association charged with keeping its
10 records.

11 (3) Upon receipt of a petition for removal of a
12 director, an officer of the association or the board of
13 directors shall:

14 (A) call a special meeting of members to be held
15 not later than 90 days after receipt of the petition by
16 the association; and

17 (B) mail or otherwise transmit or deliver in a
18 record to the members entitled to vote on the removal,
19 and to the director to be removed, notice of the
20 meeting which complies with Section 508.

21 (4) A director is removed if the votes in favor of
22 removal are equal to or greater than the votes required to
23 elect the director.

24 Section 808. Suspension of director by board.

1 (a) A board of directors may suspend a director if,
2 considering the director's course of conduct and the inadequacy
3 of other available remedies, immediate suspension is necessary
4 for the best interests of the association and the director is
5 engaging, or has engaged, in:

6 (1) fraudulent conduct with respect to the association
7 or its members;

8 (2) gross abuse of the position of director;

9 (3) intentional or reckless infliction of harm on the
10 association; or

11 (4) any other behavior, act, or omission as provided by
12 the organic rules.

13 (b) A suspension under subsection (a) is effective for 30
14 days unless the board of directors calls and gives notice of a
15 special meeting of members for removal of the director before
16 the end of the 30-day period in which case the suspension is
17 effective until adjournment of the meeting or the director is
18 removed.

19 Section 809. Vacancy on board.

20 (a) Unless the organic rules otherwise provide, a vacancy
21 on the board of directors must be filled:

22 (1) within a reasonable time by majority vote of the
23 remaining directors until the next annual members meeting
24 or a special meeting of members called to fill the vacancy;
25 and

1 (2) for the unexpired term by members at the next
2 annual members meeting or a special meeting of members
3 called to fill the vacancy.

4 (b) Unless the organic rules otherwise provide, if a
5 vacating director was elected or appointed by a class of
6 members or a district:

7 (1) the new director must be of that class or district;
8 and

9 (2) the selection of the director for the unexpired
10 term must be conducted in the same manner as would the
11 selection for that position without a vacancy.

12 (c) If a member appointed a vacating director, the organic
13 rules may provide for that member to appoint a director to fill
14 the vacancy.

15 Section 810. Remuneration of directors. Unless the organic
16 rules otherwise provide, the board of directors may set the
17 remuneration of directors and of nondirector committee members
18 appointed under Section 817(a).

19 Section 811. Meetings.

20 (a) A board of directors shall meet at least annually and
21 may hold meetings inside or outside this State.

22 (b) Unless the organic rules otherwise provide, a board of
23 directors may permit directors to attend or conduct board
24 meetings through the use of any means of communication, if all

1 directors attending the meeting can communicate with each other
2 during the meeting.

3 Section 812. Action without meeting.

4 (a) Unless prohibited by the organic rules, any action that
5 may be taken by a board of directors may be taken without a
6 meeting if each director consents in a record to the action.

7 (b) Consent under subsection (a) may be withdrawn by a
8 director in a record at any time before the limited cooperative
9 association receives consent from all directors.

10 (c) A record of consent for any action under subsection (a)
11 may specify the effective date or time of the action.

12 Section 813. Meetings and notice.

13 (a) Unless the organic rules otherwise provide, a board of
14 directors may establish a time, date, and place for regular
15 board meetings, and notice of the time, date, place, or purpose
16 of those meetings is not required.

17 (b) Unless the organic rules otherwise provide, notice of
18 the time, date, and place of a special meeting of a board of
19 directors must be given to all directors at least 3 days before
20 the meeting, the notice must contain a statement of the purpose
21 of the meeting, and the meeting is limited to the matters
22 contained in the statement.

23 Section 814. Waiver of notice of meeting.

1 (a) Unless the organic rules otherwise provide, a director
2 may waive any required notice of a meeting of the board of
3 directors in a record before, during, or after the meeting.

4 (b) Unless the organic rules otherwise provide, a
5 director's participation in a meeting is a waiver of notice of
6 that meeting unless:

7 (1) the director objects to the meeting at the
8 beginning of the meeting or promptly upon the director's
9 arrival at the meeting and does not thereafter vote in
10 favor of or otherwise assent to the action taken at the
11 meeting; or

12 (2) the director promptly objects upon the
13 introduction of any matter for which notice under Section
14 813 has not been given and does not thereafter vote in
15 favor of or otherwise assent to the action taken on the
16 matter.

17 Section 815. Quorum.

18 (a) Unless the articles of organization provide for a
19 greater number, a majority of the total number of directors
20 specified by the organic rules constitutes a quorum for a
21 meeting of the directors.

22 (b) If a quorum of the board of directors is present at the
23 beginning of a meeting, any action taken by the directors
24 present is valid even if withdrawal of directors originally
25 present results in the number of directors being fewer than the

1 number required for a quorum.

2 (c) A director present at a meeting but objecting to notice
3 under Section 814(b) (1) or (2) does not count toward a quorum.

4 Section 816. Voting.

5 (a) Each director shall have one vote for purposes of
6 decisions made by the board of directors.

7 (b) Unless the organic rules otherwise provide, the
8 affirmative vote of a majority of directors present at a
9 meeting is required for action by the board of directors.

10 Section 817. Committees.

11 (a) Unless the organic rules otherwise provide, a board of
12 directors may create one or more committees and appoint one or
13 more individuals to serve on a committee.

14 (b) Unless the organic rules otherwise provide, an
15 individual appointed to serve on a committee of a limited
16 cooperative association need not be a director or member.

17 (c) An individual who is not a director and is serving on a
18 committee has the same rights, duties, and obligations as a
19 director serving on the committee.

20 (d) Unless the organic rules otherwise provide each
21 committee of a limited cooperative association may exercise the
22 powers delegated to it by the board of directors, but a
23 committee may not:

24 (1) approve allocations or distributions except

1 according to a formula or method prescribed by the board of
2 directors;

3 (2) approve or propose to members action requiring
4 approval of members; or

5 (3) fill vacancies on the board of directors or any of
6 its committees.

7 Section 818. Standards of conduct and liability. Except as
8 otherwise provided in Section 820:

9 (1) the discharge of the duties of a director or member
10 of a committee of the board of directors is governed by the
11 law applicable to directors of entities organized under the
12 Business Corporation Act of 1983; and

13 (2) the liability of a director or member of a
14 committee of the board of directors is governed by the law
15 applicable to directors of entities organized under the
16 Business Corporation Act of 1983.

17 Section 819. Conflict of interest.

18 (a) The law applicable to conflicts of interest between a
19 director of an entity organized under the Business Corporation
20 Act of 1983 governs conflicts of interest between a limited
21 cooperative association and a director or member of a committee
22 of the board of directors.

23 (b) A director does not have a conflict of interest under
24 this Act or the organic rules solely because the director's

1 conduct relating to the duties of the director may further the
2 director's own interest.

3 Section 820. Other considerations of directors. Unless the
4 articles of organization otherwise provide, in considering the
5 best interests of a limited cooperative association, a director
6 of the association in discharging the duties of director, in
7 conjunction with considering the long and short term interest
8 of the association and its patron members, may consider:

9 (1) the interest of employees, customers, and
10 suppliers of the association;

11 (2) the interest of the community in which the
12 association operates; and

13 (3) other cooperative principles and values that may be
14 applied in the context of the decision.

15 Section 821. Right of director or committee member to
16 information. A director or a member of a committee appointed
17 under Section 817 may obtain, inspect, and copy all information
18 regarding the state of activities and financial condition of
19 the limited cooperative association and other information
20 regarding the activities of the association if the information
21 is reasonably related to the performance of the director's
22 duties as director or the committee member's duties as a member
23 of the committee. Information obtained in accordance with this
24 Section may not be used in any manner that would violate any

1 duty of or to the association.

2 Section 822. Appointment and authority of officers.

3 (a) A limited cooperative association has the officers:

4 (1) provided in the organic rules; or

5 (2) established by the board of directors in a manner
6 not inconsistent with the organic rules.

7 (b) The organic rules may designate or, if the rules do not
8 designate, the board of directors shall designate, one of the
9 association's officers for preparing all records required by
10 Section 110 and for the authentication of records.

11 (c) Unless the organic rules otherwise provide, the board
12 of directors shall appoint the officers of the limited
13 cooperative association.

14 (d) Officers of a limited cooperative association shall
15 perform the duties the organic rules prescribe or as authorized
16 by the board of directors not in a manner inconsistent with the
17 organic rules.

18 (e) The election or appointment of an officer of a limited
19 cooperative association does not of itself create a contract
20 between the association and the officer.

21 (f) Unless the organic rules otherwise provide, an
22 individual may simultaneously hold more than one office in a
23 limited cooperative association.

24 Section 823. Resignation and removal of officers.

1 (a) The board of directors may remove an officer at any
2 time with or without cause.

3 (b) An officer of a limited cooperative association may
4 resign at any time by giving notice in a record to the
5 association. Unless the notice specifies a later time, the
6 resignation is effective when the notice is given.

7 Article 9. INDEMNIFICATION

8 Section 901. Indemnification and advancement of expenses;
9 insurance.

10 (a) Indemnification and advancement of expenses of an
11 individual who has incurred liability or is a party, or is
12 threatened to be made a party, to litigation because of the
13 performance of a duty to, or activity on behalf of, a limited
14 cooperative association is governed by the Business
15 Corporation Act of 1983.

16 (b) A limited cooperative association may purchase and
17 maintain insurance on behalf of any individual against
18 liability asserted against or incurred by the individual to the
19 same extent and subject to the same conditions as provided by
20 the Business Corporation Act of 1983.

21 Article 10. CONTRIBUTIONS, ALLOCATIONS, AND DISTRIBUTIONS

22 Section 1001. Members' contributions. The organic rules

1 must establish the amount, manner, or method of determining any
2 contribution requirements for members or must authorize the
3 board of directors to establish the amount, manner, or other
4 method of determining any contribution requirements for
5 members.

6 Section 1002. Contribution and valuation.

7 (a) Unless the organic rules otherwise provide, the
8 contributions of a member to a limited cooperative association
9 may consist of property transferred to, services performed for,
10 or another benefit provided to the association or an agreement
11 to transfer property to, perform services for, or provide
12 another benefit to the association.

13 (b) The receipt and acceptance of contributions and the
14 valuation of contributions must be reflected in a limited
15 cooperative association's records.

16 (c) Unless the organic rules otherwise provide, the board
17 of directors shall determine the value of a member's
18 contributions received or to be received and the determination
19 by the board of directors of valuation is conclusive for
20 purposes of determining whether the member's contribution
21 obligation has been met.

22 Section 1003. Contribution agreements.

23 (a) Except as otherwise provided in the agreement, the
24 following rules apply to an agreement made by a person before

1 formation of a limited cooperative association to make a
2 contribution to the association:

3 (1) The agreement is irrevocable for 6 months after the
4 agreement is signed by the person unless all parties to the
5 agreement consent to the revocation.

6 (2) If a person does not make a required contribution:

7 (A) the person is obligated, at the option of the
8 association, once formed, to contribute money equal to
9 the value of that part of the contribution that has not
10 been made, and the obligation may be enforced as a debt
11 to the association; or

12 (B) the association, once formed, may rescind the
13 agreement if the debt remains unpaid more than 20 days
14 after the association demands payment from the person,
15 and upon rescission the person has no further rights or
16 obligations with respect to the association.

17 (b) Unless the organic rules or an agreement to make a
18 contribution other than money to a limited cooperative
19 association otherwise provide, if a person does not make a
20 required contribution to an association, the person or the
21 person's estate is obligated, at the option of the association,
22 to contribute money equal to the value of the part of the
23 contribution which has not been made.

24 Section 1004. Allocations of profits and losses.

25 (a) The organic rules may provide for allocating profits of

1 a limited cooperative association among members, among persons
2 that are not members but conduct business with the association,
3 to an unallocated account, or to any combination thereof.
4 Unless the organic rules otherwise provide, losses of the
5 association must be allocated in the same proportion as
6 profits.

7 (b) Unless the organic rules otherwise provide, all profits
8 and losses of a limited cooperative association must be
9 allocated to patron members.

10 (c) If a limited cooperative association has investor
11 members, the organic rules may not reduce the allocation to
12 patron members to less than 50 % of profits. For purposes of
13 this subsection, the following rules apply:

14 (1) amounts paid or due on contracts for the delivery
15 to the association by patron members of products, goods, or
16 services are not considered amounts allocated to patron
17 members.

18 (2) amounts paid, due, or allocated to investor members
19 as a stated fixed return on equity are not considered
20 amounts allocated to investor members.

21 (d) Unless prohibited by the organic rules, in determining
22 the profits for allocation under subsections (a), (b), and (c),
23 the board of directors may first deduct and set aside a part of
24 the profits to create or accumulate:

25 (1) an unallocated capital reserve; and

26 (2) reasonable unallocated reserves for specific

1 purposes, including expansion and replacement of capital
2 assets; education, training, cooperative development;
3 creation and distribution of information concerning
4 principles of cooperation; and community responsibility.

5 (e) Subject to subsections (b) and (f) and the organic
6 rules, the board of directors shall allocate the amount
7 remaining after any deduction or setting aside of profits
8 for unallocated reserves under subsection (d):

9 (1) to patron members in the ratio of each member's
10 patronage to the total patronage of all patron members
11 during the period for which allocations are to be made; and

12 (2) to investor members, if any, in the ratio of each
13 investor member's contributions to the total contributions
14 of all investor members.

15 (f) For purposes of allocation of profits and losses or
16 specific items of profits or losses of a limited cooperative
17 association to members, the organic rules may establish
18 allocation units or methods based on separate classes of
19 members or, for patron members, on class, function, division,
20 district, department, allocation units, pooling arrangements,
21 members' contributions, or other equitable methods.

22 Section 1005. Distributions.

23 (a) Unless the organic rules otherwise provide and subject
24 to Section 1007, the board of directors may authorize, and the
25 limited cooperative association may make, distributions to

1 members.

2 (b) Unless the organic rules otherwise provide,
3 distributions to members may be made in any form, including
4 money, capital credits, allocated patronage equities,
5 revolving fund certificates, and the limited cooperative
6 association's own or other securities.

7 Section 1006. Redemption or repurchase. Property
8 distributed to a member by a limited cooperative association,
9 other than money, may be redeemed or repurchased as provided in
10 the organic rules but a redemption or repurchase may not be
11 made without authorization by the board of directors. The board
12 may withhold authorization for any reason in its sole
13 discretion. A redemption or repurchase is treated as a
14 distribution for purposes of Section 1007.

15 Section 1007. Limitations on distributions.

16 (a) In this Section, "distribution" does not include
17 reasonable compensation for present or past services or other
18 payments made in the ordinary course of business for
19 commodities or goods or under a bona fide retirement or other
20 bona fide benefits program.

21 (b) A limited cooperative association may not make a
22 distribution, including a distribution under Section 1208, if
23 after the distribution:

24 (1) the association would not be able to pay its debts

1 as they become due in the ordinary course of the
2 association's activities and affairs; or

3 (2) the association's total assets would be less than
4 the sum of its total liabilities plus the amount that would
5 be needed, if the association were to be dissolved and
6 wound up at the time of the distribution, to satisfy the
7 preferential rights upon dissolution and winding up of
8 members whose preferential rights are superior to the
9 rights of persons receiving the distribution.

10 (c) A limited cooperative association may base a
11 determination that a distribution is not prohibited under
12 subsection (b) on:

13 (1) financial statements prepared on the basis of
14 accounting practices and principles that are reasonable
15 under the circumstances; or

16 (2) a fair valuation or other method that is reasonable
17 under the circumstances.

18 (d) Except as otherwise provided in subsection (e), the
19 effect of a distribution allowed under subsection (b) is
20 measured:

21 (1) in the case of a distribution by purchase,
22 redemption, or other acquisition of financial rights in the
23 limited cooperative association, as of the earlier of:

24 (A) the date money or other property is transferred
25 or debt is incurred by the association; or

26 (B) the date the person entitled to the

1 distribution ceases to own the financial rights being
2 acquired by the association in return for the
3 distribution;

4 (2) in the case of any other distribution of
5 indebtedness, as of the date the indebtedness is
6 distributed; and

7 (3) in all other cases, as of the date:

8 (A) the distribution is authorized, if the payment
9 occurs not later than 120 days after that date; or

10 (B) the payment is made, if the payment occurs more
11 than 120 days after the distribution is authorized.

12 (e) A limited cooperative association's indebtedness
13 incurred by reason of a distribution made in accordance with
14 this Section is at parity with the association's indebtedness
15 to its general, unsecured creditors except to the extent
16 subordinated by agreement.

17 (f) A limited cooperative association's indebtedness,
18 including indebtedness issued as a distribution, is not a
19 liability for purposes of subsection (b) if the terms of the
20 indebtedness provide that payment of principal and interest is
21 made only if and to the extent that payment of a distribution
22 could then be made under this Section. If the indebtedness is
23 issued as a distribution, each payment of principal or interest
24 is treated as a distribution, the effect of which is measured
25 on the date the payment is made.

26 (g) In measuring the effect of a distribution under Section

1 1208, the liabilities of a dissolved limited cooperative
2 association do not include any claim that has been disposed of
3 under Section 1209, 1210, or 1211.

4 Section 1008. Liability for improper distributions;
5 limitation of action.

6 (a) If a director of a limited cooperative association
7 consents to a distribution made in violation of Section 1007
8 and in consenting to the distribution fails to comply with
9 Section 818, the director is personally liable to the
10 association for the amount of the distribution that exceeds the
11 amount that could have been distributed without the violation
12 of Section 1007.

13 (b) A person that receives a distribution knowing that the
14 distribution violated Section 1007 is personally liable to the
15 limited cooperative association but only to the extent that the
16 distribution received by the person exceeded the amount that
17 could have been properly paid under Section 1007.

18 (c) A director against whom an action is commenced because
19 the director is liable under subsection (a) may:

20 (1) implead any other director that is liable under
21 subsection (a) and seek to enforce a right of contribution
22 from the director; and

23 (2) implead any person that received a distribution in
24 violation of subsection (b) and seek to enforce a right of
25 contribution from the person in the amount the person

1 received in violation of subsection (b).

2 (d) An action under this Section is barred unless commenced
3 not later than 2 years after the distribution.

4 Section 1009. Relation to state securities law. A patron
5 member's interest in a limited cooperative association has the
6 same exemption as provided for substantially similar interests
7 in cooperatives under the Illinois Securities Law of 1953.

8 Section 1010. Alternative distribution of unclaimed
9 property, distributions, redemptions, or payments. A limited
10 cooperative association may distribute unclaimed property,
11 distributions, redemptions, or payments under Revised Uniform
12 Unclaimed Property Act.

13 Article 11. DISSOCIATION

14 Section 1101. Member's dissociation.

15 (a) A person has the power to dissociate as a member at any
16 time.

17 (b) Unless the organic rules otherwise provide, a member's
18 dissociation from a limited cooperative association is
19 wrongful only if:

20 (1) it is in breach of an express provision of the
21 organic rules; or

22 (2) it occurs before the termination of the limited

1 cooperative association and:

2 (A) the person is expelled as a member under
3 subsection (d) (3) or (4); or

4 (B) in the case of a person that is not an
5 individual, trust other than a business trust, or
6 estate, the person is expelled or otherwise
7 dissociated as a member because it dissolved or
8 terminated in bad faith.

9 (c) Unless the organic rules otherwise provide, a person
10 that wrongfully dissociates as a member is liable to the
11 limited cooperative association and to the other members for
12 damages caused by the dissociation. The liability is in
13 addition to any other debt, obligation, or liability of the
14 person to the association.

15 (d) A member is dissociated as a member when:

16 (1) the limited cooperative association receives
17 notice in a record of the member's express will to
18 dissociate as a member, or if the member specifies in the
19 notice an effective date later than the date the
20 association received notice, on that later date;

21 (2) an event stated in the organic rules as causing the
22 person's dissociation occurs;

23 (3) the person's entire interest is transferred in a
24 foreclosure sale under Section 605(f);

25 (4) the person is expelled as a member under the
26 organic rules;

1 (5) the person is expelled as a member by the board of
2 directors if:

3 (A) it is unlawful to carry on the limited
4 cooperative association's activities and affairs with
5 the person as a member;

6 (B) there has been a transfer of all the member's
7 financial rights in the association, other than:

8 (i) a transfer for security purposes; or

9 (ii) a charging order in effect under Section
10 605 which has not been foreclosed;

11 (C) the person is an unincorporated entity that has
12 been dissolved and its activities and affairs are being
13 wound up; or

14 (D) the person is a corporation or cooperative and:

15 (i) the person filed a certificate of
16 dissolution or the equivalent, or the jurisdiction
17 of formation revoked the person's charter or right
18 to conduct business;

19 (ii) the association sends a notice to the
20 person that it will be expelled as a member for a
21 reason described in clause (i); and

22 (iii) not later than 90 days after the notice
23 was sent under clause (ii), the person did not
24 revoke its certificate of dissolution or the
25 equivalent, or the jurisdiction of formation did
26 not reinstate the person's charter or right to

1 conduct business; or

2 (E) the member is an individual and is adjudged
3 incompetent;

4 (6) in the case of an individual, the individual dies;

5 (7) in the case of a member that is a testamentary or
6 inter vivos trust or is acting as a member by virtue of
7 being a trustee of a trust, the trust's entire financial
8 rights in the limited cooperative association are
9 distributed;

10 (8) in the case of a person that is an estate or is
11 acting as a member by virtue of being a personal
12 representative of an estate, the estate's entire financial
13 interest in the association is distributed;

14 (9) in the case of a person that is not an individual,
15 partnership, limited liability company, cooperative,
16 corporation, trust, or estate, the existence of the person
17 terminates; or

18 (10) the association's participation in a transaction
19 under Article 16 that causes the person to cease to be a
20 member.

21 Section 1102. Effect of dissociation.

22 (a) When a person is dissociated as a member:

23 (1) the person's right to participate as a member in
24 the management and conduct of the limited cooperative
25 association's activities and affairs terminates; and

1 (2) upon the action of the association's organizers,
2 board of directors, or members under Section 1204 or 1205;
3 or

4 (3) 90 days after the dissociation of a member, which
5 results in the association having one patron member and no
6 other members, unless the association:

7 (A) has a sole member that is a cooperative; or

8 (B) not later than the end of the 90-day period,
9 admits at least one member in accordance with the
10 organic rules and has at least 2 members, at least one
11 of which is a patron member.

12 Section 1203. Judicial dissolution. The circuit court may
13 dissolve a limited cooperative association or order any action
14 that under the circumstances is appropriate and equitable: (1)
15 in a proceeding initiated by the Attorney General, if:

16 (1) in a proceeding initiated by the Attorney General,
17 if:

18 (A) the association obtained its articles of
19 organization through fraud; or

20 (B) the association has continued to exceed or
21 abuse the authority conferred upon it by law; or

22 (2) in a proceeding initiated by a member, if:

23 (A) the directors are deadlocked in the management
24 of the association's affairs, the members are unable to
25 break the deadlock, and irreparable injury to the

1 association is occurring or is threatened because of
2 the deadlock;

3 (B) the directors or those in control of the
4 association have acted, are acting, or will act in a
5 manner that is illegal, oppressive, or fraudulent;

6 (C) the members are deadlocked in voting power and
7 have failed to elect successors to directors whose
8 terms have expired for 2 consecutive periods during
9 which annual members meetings were held or were to be
10 held; or

11 (D) the assets of the association are being
12 misapplied or wasted.

13 Section 1204. Voluntary dissolution before commencement of
14 activity. A majority of the organizers or initial directors of
15 a limited cooperative association that has not yet begun
16 business activity or the conduct of its affairs may dissolve
17 the association.

18 Section 1205. Voluntary dissolution by the board and
19 members.

20 (a) Except as otherwise provided in Section 1204, for a
21 limited cooperative association to voluntarily dissolve:

22 (1) a resolution to dissolve must be approved by a
23 majority vote of the board of directors unless a greater
24 percentage is required by the organic rules;

1 (2) the board of directors must call a members meeting
2 to consider the resolution, to be held not later than 90
3 days after adoption of the resolution; and

4 (3) the board of directors must mail or otherwise
5 transmit or deliver to each member in a record that
6 complies with Section 508:

7 (A) the resolution required by paragraph (1);

8 (B) a recommendation that the members vote in favor
9 of the resolution or, if the board determines that
10 because of conflict of interest or other special
11 circumstances it should not make a favorable
12 recommendation, the basis of that determination; and

13 (C) notice of the members meeting, which must be
14 given in the same manner as notice of a special meeting
15 of members.

16 (b) Subject to subsection (c), a resolution to dissolve
17 must be approved by:

18 (1) at least two-thirds of the voting power of members
19 present at a members meeting called under subsection
20 (a) (2); and

21 (2) if the limited cooperative association has
22 investor members, at least a majority of the votes cast by
23 patron members, unless the organic rules require a greater
24 percentage.

25 (c) The organic rules may require that the percentage of
26 votes under subsection (b) (1) is:

- 1 (1) a different percentage that is not less than a
2 majority of members voting at the meeting; or
3 (2) measured against the voting power of all members;
4 or
5 (3) a combination of paragraphs (1) and (2).

6 Section 1206. Winding up.

7 (a) A dissolved limited cooperative association shall wind
8 up its activities and affairs, and except as provided in
9 Section 1207, the association continues after dissolution only
10 for the purpose of winding up.

11 (b) In winding up its activities and affairs, the board of
12 directors:

13 (1) shall discharge the association's debts,
14 obligations, or other liabilities, settle and close the
15 association's activities, and marshal and distribute the
16 assets of the association; and

17 (2) may:

18 (A) deliver to the Secretary of State for filing a
19 statement of dissolution stating the name of the
20 association and that the association is dissolved;

21 (B) preserve the association's activities, affairs
22 and property as a going concern for a reasonable time;

23 (C) prosecute and defend actions and proceedings,
24 whether civil, criminal, or administrative;

25 (D) transfer the association's property;

- 1 (E) settle disputes by mediation or arbitration;
- 2 (F) deliver to the Secretary of State for filing a
3 statement of termination stating the name of the
4 company and that the company is terminated; and
- 5 (G) perform other acts necessary or appropriate to
6 the winding up.

7 (c) After dissolution and upon application of a limited
8 cooperative association, a member, or a holder of financial
9 rights, the circuit court may order judicial supervision of the
10 winding up of the association, including the appointment of a
11 person to wind up the association's activities, if:

12 (1) after a reasonable time, the association has not
13 wound up its activities; or

14 (2) the applicant establishes other good cause.

15 (d) If a person is appointed pursuant to subsection (c) to
16 wind up the activities of a limited cooperative association,
17 the association shall promptly deliver to the Secretary of
18 State for filing an amendment to the articles of organization
19 to reflect the appointment.

20 Section 1207. Rescinding dissolution.

21 (a) A limited cooperative association may rescind its
22 dissolution, unless a statement of termination applicable to
23 the association is effective, the circuit court has entered an
24 order under Section 1203 dissolving the association, or the
25 Secretary of State has dissolved the association under Section

1 1214.

2 (b) Rescinding dissolution under this Section requires:

3 (1) the affirmative vote or consent of each member;

4 (2) if a statement of dissolution applicable to the
5 limited cooperative association has been filed by the
6 Secretary of State but has not become effective, the
7 delivery to the Secretary of State for filing of a
8 statement of withdrawal applicable to the statement of
9 dissolution; and

10 (3) if a statement of dissolution applicable to the
11 limited cooperative association is effective, the delivery
12 to the Secretary of State for filing of a statement of
13 rescission stating the name of the association and that
14 dissolution has been rescinded under this Section.

15 (c) If a limited cooperative association rescinds its
16 dissolution:

17 (1) the association resumes carrying on its activities
18 and affairs as if dissolution had never occurred;

19 (2) subject to paragraph (3), and any liability
20 incurred by the association after the dissolution and
21 before the rescission is effective is determined as if
22 dissolution had never occurred; and

23 (3) the rights of a third party arising out of conduct
24 in reliance on the dissolution before the third party knew
25 or had notice of the rescission may not be adversely
26 affected.

1 Section 1208. Distribution of assets in winding up.

2 (a) In winding up its activities and affairs, the limited
3 cooperative association shall apply its assets to discharge its
4 obligations to creditors, including members that are
5 creditors. The association shall apply any remaining assets to
6 pay in money the net amount distributable to members in
7 accordance with their right to distributions under subsection
8 (b).

9 (b) Unless the organic rules otherwise provide, in this
10 subsection "financial interests" means the amounts recorded in
11 the names of members in the records of a limited cooperative
12 association at the time a distribution is made, including
13 amounts paid to become a member, amounts allocated but not
14 distributed to members, and amounts of distributions
15 authorized but not yet paid to members. Unless the organic
16 rules otherwise provide, each member is entitled to a
17 distribution from the association of any remaining assets in
18 the proportion of the member's financial interests to the total
19 financial interests of the members after all other obligations
20 are satisfied.

21 Section 1209. Known claims against dissolved limited
22 cooperative association.

23 (a) Except as otherwise provided in subsection (d), a
24 dissolved limited cooperative association may give notice of a

1 known claim under subsection (b), which has the effect provided
2 in subsection (c).

3 (b) A dissolved limited cooperative association in a record
4 may notify its known claimants of the dissolution. The notice
5 must:

6 (1) specify the information required to be included in
7 a claim;

8 (2) state that a claim must be in writing and provide a
9 mailing address to which the claim is to be sent;

10 (3) state the deadline for receipt of a claim, which
11 may not be less than 120 days after the date the notice is
12 received by the claimant; and

13 (4) state that the claim will be barred if not received
14 by the deadline.

15 (c) A claim against a dissolved limited cooperative
16 association is barred if the requirements of subsection (b) are
17 met, and:

18 (1) the claim is not received by the specified
19 deadline; or

20 (2) if the claim is timely received but rejected by the
21 association:

22 (A) the association causes the claimant to receive
23 a notice in a record stating that the claim is rejected
24 and will be barred unless the claimant commences an
25 action against the association to enforce the claim not
26 later than 90 days after the claimant receives the

1 notice; and

2 (B) the claimant does not commence the required
3 action not later than 90 days after the claimant
4 receives the notice.

5 (d) This Section does not apply to a claim based on an
6 event occurring after the date of dissolution or a liability
7 that on that date is contingent.

8 Section 1210. Other claims against dissolved limited
9 cooperative association.

10 (a) A dissolved limited cooperative association may
11 publish notice of its dissolution and request persons having
12 claims against the association to present them in accordance
13 with the notice.

14 (b) A notice authorized under subsection (a) must:

15 (1) be published at least once in a newspaper of
16 general circulation in the county in this State in which
17 the dissolved limited cooperative association's principal
18 office is located or, if the principal office is not
19 located in this State, in the county in which the office of
20 the association's registered agent is or was last located;

21 (2) describe the information required to be contained
22 in a claim, state that the claim must be in writing, and
23 provide a mailing address to which the claim is to be sent;
24 and

25 (3) state that a claim against the association is

1 barred unless an action to enforce the claim is commenced
2 not later than 3 years after publication of the notice.

3 (c) If a dissolved limited cooperative association
4 publishes a notice in accordance with subsection (b), the claim
5 of each of the following claimants is barred unless the
6 claimant commences an action to enforce the claim against the
7 association not later than 3 years after the publication date
8 of the notice:

9 (1) a claimant that did not receive notice in a record
10 under Section 1209;

11 (2) a claimant whose claim was timely sent to the
12 company but not acted on; and

13 (3) a claimant whose claim is contingent at, or based
14 on an event occurring after, the effective date of
15 dissolution.

16 (d) A claim not barred under this Section or Section 1209
17 may be enforced:

18 (1) against a dissolved limited cooperative
19 association, to the extent of its undistributed assets; and

20 (2) except as provided in Section 1211, if the assets
21 of the association have been distributed after
22 dissolution, against a member or holder of financial rights
23 to the extent of that person's proportionate share of the
24 claim or the assets distributed to the person after
25 dissolution, whichever is less, but a person's total
26 liability for all claims under this paragraph may not

1 exceed the total amount of assets distributed to the person
2 after dissolution.

3 Section 1211. Court proceedings.

4 (a) A dissolved limited cooperative association that has
5 published a notice under Section 1210 may file an application
6 with the circuit court in the county where the association's
7 principal office is located or, if the principal office is not
8 located in this State, where the office of its registered agent
9 is or was last located, for a determination of the amount and
10 form of security to be provided for payment of claims that are
11 reasonably expected to arise after the date of dissolution
12 based on facts known to the association and:

13 (1) at the time of the application:

14 (A) are contingent; or

15 (B) have not been made known to the association; or

16 (2) are based on an event occurring after the date of
17 dissolution.

18 (b) Security is not required for a claim that is or is
19 reasonably anticipated to be barred under Section 1210.

20 (c) Not later than 10 days after filing an application
21 under subsection (a), the dissolved limited cooperative
22 association shall give notice of the proceeding to each
23 claimant holding a contingent claim known to the association.

24 (d) In a proceeding under this Section, the court may
25 appoint a guardian ad litem to represent all claimants whose

1 identities are unknown. The reasonable fees and expenses of the
2 guardian, including all reasonable expert witness fees, must be
3 paid by the dissolved limited cooperative association.

4 (e) A dissolved limited cooperative association that
5 provides security in the amount and form ordered by the court
6 under subsection (a) satisfies the association's obligations
7 with respect to claims that are contingent, have not been made
8 known to the association, or are based on an event occurring
9 after the effective date of dissolution. Such claims may not be
10 enforced against a member or holder of financial rights on
11 account of assets received in liquidation.

12 Section 1212. Statement of dissolution.

13 (a) A limited cooperative association that has dissolved or
14 is about to dissolve may deliver to the Secretary of State for
15 filing a statement of dissolution that states:

16 (1) the name of the association;

17 (2) the date the association dissolved or will
18 dissolve; and

19 (3) any other information the association considers
20 relevant.

21 (b) A person has notice of a limited cooperative
22 association's dissolution on the later of:

23 (1) 90 days after a statement of dissolution is filed;

24 or

25 (2) the effective date stated in the statement of

1 dissolution.

2 Section 1213. Statement of termination.

3 (a) A dissolved limited cooperative association that has
4 completed winding up may deliver to the Secretary of State for
5 filing a statement of termination that states:

6 (1) the name of the association;

7 (2) the date of filing of its initial articles of
8 organization; and

9 (3) that the association is terminated.

10 (b) The filing of a statement of termination does not
11 itself terminate the limited cooperative association.

12 Section 1214. Administrative dissolution.

13 (a) The Secretary of State may commence a proceeding under
14 subsection (b) to dissolve a limited cooperative association
15 administratively if the association does not:

16 (1) pay any fee, tax, interest, or penalty required to
17 be paid to the Secretary of State not later than 6 months
18 after it is due;

19 (2) deliver an annual report to the Secretary of State
20 not later than 6 months after it is due; or

21 (3) have a registered agent in this State for 60
22 consecutive days.

23 (b) If the Secretary of State determines that one or more
24 grounds exist for administratively dissolving a limited

1 cooperative association, the Secretary of State shall serve the
2 association with notice in a record of the Secretary of State's
3 determination.

4 (c) If a limited cooperative association, not later than 60
5 days after service of the notice under subsection (b), does not
6 cure or demonstrate to the satisfaction of the Secretary of
7 State the nonexistence of each ground determined by the
8 Secretary of State, the Secretary of State shall
9 administratively dissolve the association by signing a
10 statement of administrative dissolution that recites the
11 grounds for dissolution and the effective date of dissolution.
12 The Secretary of State shall file the statement and serve a
13 copy on the association pursuant to Section 122.

14 (d) A limited cooperative association that is
15 administratively dissolved continues in existence as an entity
16 but may not carry on any activities except as necessary to wind
17 up its activities and affairs and liquidate its assets under
18 Sections 1206 and 1208 through 1213, or to apply for
19 reinstatement under Section 1215.

20 (e) The administrative dissolution of a limited
21 cooperative association does not terminate the authority of its
22 registered agent.

23 Section 1215. Reinstatement.

24 (a) A limited cooperative association that is
25 administratively dissolved under Section 1214 may apply to the

1 Secretary of State for reinstatement not later than 2 years
2 after the effective date of dissolution. The application must
3 state:

4 (1) the name of the association at the time of its
5 administrative dissolution and, if needed, a different
6 name that satisfies Section 115;

7 (2) the address of the principal office of the
8 association and the name and street and mailing addresses
9 of its registered agent;

10 (3) the effective date of the association's
11 administrative dissolution; and

12 (4) that the grounds for dissolution did not exist or
13 have been cured.

14 (b) To be reinstated, a limited cooperative association
15 must pay all fees, taxes, interest, and penalties that were due
16 to the Secretary of State at the time of the association's
17 administrative dissolution and all fees, taxes, interest, and
18 penalties that would have been due to the Secretary of State
19 while the association was administratively dissolved.

20 (c) If the Secretary of State determines that an
21 application under subsection (a) contains the required
22 information, is satisfied that the information is correct, and
23 determines that all payments required to be made to the
24 Secretary of State by subsection (b) have been made, the
25 Secretary of State shall

26 (1) cancel the statement of administrative dissolution

1 and prepare a statement of reinstatement that states the
2 Secretary of State's determination and the effective date
3 of reinstatement; and

4 (2) file the statement of reinstatement and serve a
5 copy on the limited cooperative association.

6 (d) When reinstatement under this Section is effective the
7 following rules apply:

8 (1) The restatement relates back to and takes effect as
9 of the effective date of the administrative dissolution.

10 (2) The limited cooperative association resumes
11 carrying on its activities and affairs as if the
12 administrative dissolution had not occurred.

13 (3) The rights of a person arising out of an act or
14 omission in reliance on the dissolution before the person
15 knew or had notice of the reinstatement are not affected.

16 Section 1216. Judicial review of denial of reinstatement.

17 (a) If the Secretary of State denies a limited liability
18 cooperative association's application for reinstatement
19 following administrative dissolution, the Secretary of State
20 shall serve the association with a notice in a record that
21 explains the reasons for the denial.

22 (b) A limited cooperative association may seek judicial
23 review of denial of reinstatement in the circuit court not
24 later than 30 days after service of the notice of denial.

1 Article 13. ACTIONS BY MEMBERS

2 Section 1301. Direct action by member.

3 (a) Subject to subsection (b), a member may maintain a
4 direct action against another member, director, or the limited
5 cooperative association to enforce the member's rights and
6 protect the member's interests, including rights and interests
7 under the organic rules or this Act or arising independently of
8 the membership relationship.

9 (b) A member maintaining a direct action under this Section
10 must plead and prove an actual or threatened injury that is not
11 solely the result of an injury suffered or threatened to be
12 suffered by the limited cooperative association.

13 Section 1302. Derivative action. A member may maintain a
14 derivative action to enforce a right of a limited cooperative
15 association if:

16 (1) the member first makes a demand on the directors
17 requesting that they cause the association to bring an
18 action to enforce the right and the directors do not bring
19 the action within a reasonable time; or

20 (2) a demand under paragraph (1) would be futile.

21 Section 1303. Proper plaintiff. A derivative action to
22 enforce a right of a limited cooperative association may be
23 maintained only by a person that is a member at the time the

1 action is commenced and:

2 (1) was a member when the conduct giving rise to the
3 action occurred; or

4 (2) whose status as a member devolved on the person by
5 operation of law or pursuant to the terms of the organic
6 rules from a person that was a member at the time of the
7 conduct.

8 Section 1304. Pleading. In a derivative action to enforce a
9 right of a limited cooperative association, the complaint must
10 state with particularity:

11 (1) the date and content of plaintiff's demand and the
12 response to the demand by the directors; or

13 (2) why demand should be excused as futile.

14 Section 1305. Approval for discontinuance or settlement. A
15 derivative action on behalf of a limited cooperative
16 association may not be voluntarily dismissed or settled without
17 the court's approval.

18 Section 1306. Proceeds and expenses.

19 (a) Except as otherwise provided in subsection (b):

20 (1) any proceeds or other benefits of a derivative
21 action, whether by judgment, compromise, or settlement,
22 belong to the limited cooperative association and not to
23 the plaintiff;

1 (2) if the plaintiff receives any proceeds, the
2 plaintiff shall remit them immediately to the association.

3 (b) If a derivative action is successful in whole or in
4 part, the court may award the plaintiff reasonable expenses,
5 including reasonable attorney's fees and costs, from the
6 recovery of the limited cooperative association.

7 Section 1307. Special litigation committee.

8 (a) If a limited cooperative association is named as or
9 made a party in a derivative proceeding, the association may
10 appoint a special litigation committee to investigate the
11 claims asserted in the proceeding and determine whether
12 pursuing the action is in the best interests of the company. If
13 the association appoints a special litigation committee, on
14 motion by the committee made in the name of the association,
15 except for good cause shown, the court shall stay discovery for
16 the time reasonably necessary to permit the committee to make
17 its investigation. This subsection does not prevent the court
18 from:

19 (1) enforcing a person's right to information under
20 Section 505; or

21 (2) granting extraordinary relief in the form of a
22 temporary restraining order or preliminary injunction.

23 (b) A special litigation committee must be composed of one
24 or more disinterested and independent individuals, who may be
25 members.

1 (c) A special litigation committee may be appointed:

2 (1) by a majority of the directors not named as parties
3 in the proceeding; or

4 (2) if all directors are named as parties in the
5 proceeding, by a majority of the directors named as
6 defendants.

7 (d) After appropriate investigation, a special litigation
8 committee may determine that it is in the best interests of the
9 limited cooperative association that the proceeding:

10 (1) continue under the control of the plaintiff;

11 (2) continue under the control of the committee;

12 (3) be settled on terms approved by the committee; or

13 (4) be dismissed.

14 (e) After making a determination under subsection (d), a
15 special litigation committee shall file with the court a
16 statement of its determination and its report supporting its
17 determination and shall serve each party with a copy of the
18 determination and report. The court shall determine whether the
19 members of the committee were disinterested and independent and
20 whether the committee conducted its investigation and made its
21 recommendation in good faith, independently, and with
22 reasonable care, with the committee having the burden of proof.
23 If the court finds that the members of the committee were
24 disinterested and independent and that the committee acted in
25 good faith, independently, and with reasonable care, the court
26 shall enforce the determination of the committee. Otherwise,

1 the court shall dissolve the stay of discovery entered under
2 subsection (a) and allow the action to continue under the
3 control of the plaintiff.

4 Article 14. DISPOSITION OF ASSETS

5 Section 1401. Disposition of assets not requiring member
6 approval. Unless the articles of organization otherwise
7 provide, member approval under Section 1402 is not required for
8 a limited cooperative association to:

9 (1) sell, lease, exchange, license, or otherwise
10 dispose of all or any part of the assets of the association
11 in the usual and regular course of business; or

12 (2) mortgage, pledge, dedicate to the repayment of
13 indebtedness, or encumber in any way all or any part of the
14 assets of the association whether or not in the usual and
15 regular course of business.

16 Section 1402. Member approval of other disposition of
17 assets. A sale, lease, exchange, license, or other disposition
18 of assets of a limited cooperative association, other than a
19 disposition described in Section 1401, requires approval of the
20 association's members under Sections 1403 and 1404 if the
21 disposition leaves the association without significant
22 continuing business activity.

1 Section 1403. Notice and action by board of directors on
2 disposition of assets requiring member approval. For a limited
3 cooperative association to dispose of assets under Section
4 1402:

5 (1) a majority of the board of directors, or a greater
6 percentage if required by the organic rules, must approve
7 the proposed disposition; and

8 (2) the board of directors must call a members meeting
9 to consider the proposed disposition, hold the meeting not
10 later than 90 days after approval of the proposed
11 disposition by the board, and mail or otherwise transmit or
12 deliver in a record to each member:

13 (A) the terms of the proposed disposition;

14 (B) a recommendation that the members approve the
15 disposition, or if the board determines that because of
16 conflict of interest or other special circumstances it
17 should not make a favorable recommendation, the basis
18 for that determination;

19 (C) a statement of any condition of the board's
20 submission of the proposed disposition to the members;
21 and

22 (D) notice of the meeting at which the proposed
23 disposition will be considered, which must be given in
24 the same manner as notice of a special meeting of
25 members.

1 Section 1404. Member action on disposition of assets.

2 (a) Subject to subsection (b), a disposition of assets
3 under Section 1402 must be approved by:

4 (1) at least two-thirds of the voting power of members
5 present at a members meeting called under Section 1403(2);
6 and

7 (2) if the limited cooperative association has
8 investor members, at least a majority of the votes cast by
9 patron members, unless the organic rules require a greater
10 percentage vote by patron members.

11 (b) The organic rules may require that the percentage of
12 votes under subsection (a)(1) is:

13 (1) a different percentage that is not less than a
14 majority of members voting at the meeting;

15 (2) measured against the voting power of all members;
16 or

17 (3) a combination of paragraphs (1) and(2).

18 (c) Subject to any contractual obligations, after a
19 disposition of assets is approved and at any time before the
20 consummation of the disposition, a limited cooperative
21 association may approve an amendment to the contract for
22 disposition or the resolution authorizing the disposition or
23 approve abandonment of the disposition:

24 (1) as provided in the contract or the resolution; and

25 (2) except as prohibited by the resolution, with the
26 same affirmative vote of the board of directors and of the

1 members as was required to approve the disposition.

2 (d) The voting requirements for districts, classes, or
3 voting groups under Section 404 apply to approval of a
4 disposition of assets under this Article.

5 Article 15. FOREIGN COOPERATIVES

6 Section 1501. Governing law.

7 (a) The law of the jurisdiction of formation of a foreign
8 cooperative governs:

9 (1) the internal affairs of the cooperative; and

10 (2) the liability that a person has as a member or
11 director for a debt, obligation, or liability of the
12 cooperative.

13 (b) A foreign cooperative is not precluded from registering
14 to do business in this State because of any difference between
15 the law of its jurisdiction of formation and the law of this
16 State.

17 (c) Registration of a foreign cooperative to do business in
18 this State does not authorize a the foreign cooperative to
19 engage in any activities and affairs or exercise any power that
20 a limited cooperative association may not engage in or exercise
21 in this State.

22 Section 1502. Registration to do business in this State.

23 (a) A foreign cooperative may not do business in this State

1 until it registers with the Secretary of State under this
2 Article.

3 (b) A foreign cooperative doing business in this State may
4 not maintain an action or proceeding in this State unless it is
5 registered to do business in this State.

6 (c) The failure of a foreign cooperative to register to do
7 business in this State does not impair the validity of a
8 contract or act of the foreign cooperative or preclude it from
9 defending an action or proceeding in this State.

10 (d) A limitation on the liability of a member or director
11 of a foreign cooperative is not waived solely because the
12 foreign cooperative does business in this State without
13 registering to do business in this State.

14 (e) Section 1501(a) and (b) applies even if a foreign
15 cooperative fails to register under this Article.

16 Section 1503. Foreign registration statement. To register
17 to do business in this State, a foreign cooperative must
18 deliver a foreign registration statement to the Secretary of
19 State for filing. The statement must state:

20 (1) the name of the cooperative and, if the name does
21 not comply with Section 115, an alternate name adopted
22 pursuant to Section 1506;

23 (2) that the cooperative is a foreign cooperative;

24 (3) the cooperative's jurisdiction of formation;

25 (4) the street and mailing addresses of the

1 cooperative's principal office and, if the law of the
2 cooperative's jurisdiction of formation requires the
3 cooperative to maintain an office in that jurisdiction, the
4 street and mailing addresses of the required office; and

5 (5) the name and street and mailing addresses of the
6 cooperative's registered agent in this State.

7 Section 1504. Amendment of foreign registration statement.

8 A registered foreign cooperative shall deliver to the
9 Secretary of State for filing an amendment to its foreign
10 registration statement if there is a change in:

- 11 (1) the name of the cooperative;
12 (2) the cooperative's jurisdiction of formation;
13 (3) an address required by Section 1503(4); or
14 (4) the information required by Section 1503(5).

15 Section 1505. Activities not constituting doing business.

16 (a) activities of a foreign cooperative which do not
17 constitute doing business in this State under this Article
18 include:

19 (1) maintaining, defending, mediating, arbitrating, or
20 settling an action or proceeding;

21 (2) carrying on any activity concerning its internal
22 affairs, including holding meetings of its members or
23 directors;

24 (3) maintaining accounts in financial institutions;

1 (4) maintaining offices or agencies for the transfer,
2 exchange, and registration of securities of the
3 cooperative or maintaining trustees or depositories with
4 respect to those securities;

5 (5) selling through independent contractors;

6 (6) soliciting or obtaining orders by any means if the
7 orders require acceptance outside this State before they
8 become contracts;

9 (7) creating or acquiring indebtedness, mortgages, or
10 security interests in property;

11 (8) securing or collecting debts or enforcing
12 mortgages or security interests in property securing the
13 debts, and holding, protecting, or maintaining property;

14 (9) conducting an isolated transaction that is not in
15 the course of similar transactions;

16 (10) owning, without more, property; and

17 (11) doing business in interstate commerce.

18 (b) A person does not do business in this State solely by
19 being a member or director of a foreign cooperative that does
20 business in this State.

21 (c) This Section does not apply in determining the contacts
22 or activities that may subject a foreign cooperative to service
23 of process, taxation, or regulation under law of this State
24 other than this Act.

25 Section 1506. Noncomplying name of foreign cooperative.

1 (a) A foreign cooperative whose name does not comply with
2 Section 111 may not register to do business in this State until
3 it adopts, for the purpose of doing business in this State, an
4 alternate name that complies with Section 115. A cooperative
5 that registers under an alternate name under this subsection
6 need not comply with the Assumed Business Name Act. After
7 registering to do business in this State with an alternate
8 name, a cooperative shall do business in this State under:

9 (1) the alternate name;

10 (2) the cooperative's name, with the addition of its
11 jurisdiction of formation; or

12 (3) a name the cooperative is authorized to use under
13 the Assumed Business Name Act.

14 (b) If a registered foreign cooperative changes its name to
15 one that does not comply with Section 115, it may not do
16 business in this State until it complies with subsection (a) by
17 amending its registration to adopt an alternate name that
18 complies with Section 115.

19 Section 1507. Withdrawal of registration of registered
20 foreign cooperative.

21 (a) A registered foreign cooperative may withdraw its
22 registration by delivering a statement of withdrawal to the
23 Secretary of State for filing. The statement of withdrawal must
24 state:

25 (1) the name of the cooperative and its jurisdiction of

1 formation;

2 (2) that the cooperative is not doing business in this
3 State and that it withdraws its registration to do business
4 in this State;

5 (3) that the cooperative revokes the authority of its
6 registered agent to accept service on its behalf in this
7 State; and

8 (4) an address to which service of process may be made
9 under subsection (b).

10 (b) After the withdrawal of the registration of a foreign
11 cooperative, service of process in any action or proceeding
12 based on a cause of action arising during the time the
13 cooperative was registered to do business in this State may be
14 made pursuant to Section 122.

15 Section 1508. Withdrawal deemed on conversion to domestic
16 filing entity or domestic limited liability partnership. A
17 registered foreign cooperative that converts to a domestic
18 limited liability partnership or to a domestic entity whose
19 formation requires delivery of a record to the Secretary of
20 State for filing is deemed to have withdrawn its registration
21 on the effective date of the conversion.

22 Section 1509. Withdrawal on dissolution or conversion to
23 nonfiling entity other than limited liability partnership.

24 (a) A registered foreign cooperative that has dissolved and

1 completed winding up or has converted to a domestic or foreign
2 entity whose formation does not require the public filing of a
3 record, other than a limited liability partnership, shall
4 deliver a statement of withdrawal to the Secretary of State for
5 filing. The statement must be signed by the dissolved or
6 converted foreign cooperative and state:

7 (1) in the case of a cooperative that has completed
8 winding up:

9 (A) its name and jurisdiction of formation; and

10 (B) that the cooperative surrenders its
11 registration to do business in this State; and

12 (2) in the case of a cooperative that has converted:

13 (A) the name of the converting cooperative and its
14 jurisdiction of formation;

15 (B) the type of entity to which the cooperative has
16 converted and its jurisdiction of formation;

17 (C) that the converted entity surrenders the
18 converting cooperative's registration to do business in
19 this State and revokes the authority of the converting
20 cooperative's registered agent to act as registered agent
21 in this State on behalf of the cooperative or the converted
22 entity; and

23 (D) a mailing address to which service of process may
24 be made under subsection (b).

25 (b) After a withdrawal under this Section is effective,
26 service of process in any action or proceeding based on a cause

1 of action arising during the time the foreign cooperative was
2 registered to do business in this State may be made pursuant to
3 Section 122.

4 Section 1510. Transfer of registration.

5 (a) When a registered foreign cooperative has merged into a
6 foreign entity that is not registered to do business in this
7 State or has converted to a foreign entity required to register
8 with the Secretary of State to do business in this State, the
9 foreign entity shall deliver to the Secretary of State for
10 filing an application for transfer of registration. The
11 application must state:

12 (1) the name of the registered foreign cooperative
13 before the merger or conversion;

14 (2) that before the merger or conversion the
15 registration pertained to a foreign cooperative;

16 (3) the name of the applicant foreign entity into which
17 the foreign cooperative has merged or to which it has been
18 converted and, if the name does not comply with Section
19 115, an alternate name adopted pursuant to Section 1506;

20 (4) the type of entity of the applicant foreign entity
21 and its jurisdiction of formation;

22 (5) the street and mailing addresses of the principal
23 office of the applicant foreign entity and, if the law of
24 the entity's jurisdiction of formation requires the entity
25 to maintain an office in that jurisdiction, the street and

1 mailing addresses of that office; and

2 (6) the name and street and mailing addresses of the
3 foreign entity's registered agent in this State.

4 (b) When an application for transfer of registration takes
5 effect, the registration of the foreign cooperative to do
6 business in this State is transferred without interruption to
7 the foreign entity into which the cooperative has merged or to
8 which it has been converted.

9 Section 1511. Termination of registration.

10 (a) The Secretary of State may terminate the registration
11 of a registered foreign cooperative in the manner provided in
12 subsections (b) and (c) if the cooperative does not:

13 (1) pay, not later than 60 days after the due date, any
14 fee, tax, interest, or penalty required to be paid to the
15 Secretary of State under this Act or law other than this
16 Act;

17 (2) deliver to the Secretary of State for filing, not
18 later than 60 days after the due date, an annual report
19 required under Section 210;

20 (3) have a registered agent as required by Section 118;
21 or

22 (4) deliver to the Secretary of State for filing a
23 statement of change under Section 119 not later than 30
24 days after a change has occurred in the name or address of
25 the registered agent.

1 (b) The Secretary of State may terminate the registration
2 of a registered foreign cooperative by:

3 (1) filing a notice of termination or noting the
4 termination in the records of the Secretary of State; and

5 (2) delivering a copy of the notice or the information
6 in the notation to the cooperative's registered agent or,
7 if the cooperative does not have a registered agent, to the
8 foreign cooperative's principal office.

9 (c) The notice must state or the information in the
10 notation must include:

11 (1) the effective date of the termination, which must
12 be at least 60 days after the date the Secretary of State
13 delivers the copy; and

14 (2) the grounds for termination under subsection (a).

15 (d) The authority of a registered foreign cooperative to do
16 business in this State ceases on the effective date of the
17 notice of termination or notation under subsection (b), unless
18 before that date the foreign cooperative cures each ground for
19 termination stated in the notice or notation. If the foreign
20 cooperative cures each ground, the Secretary of State shall
21 file a record so stating.

22 Section 1512. Action by Attorney General. The Attorney
23 General may maintain an action to enjoin a foreign cooperative
24 from doing business in this State in violation of this Article.

1 Article 16. MERGER, INTEREST EXCHANGE, CONVERSION
2 AND DOMESTICATION

3 Part 1.GENERAL PROVISIONS

4 Section 1601. Definitions. In this Article:

5 (1) "Acquired entity" means the entity, all of one or
6 more classes or series of interests of which are acquired
7 in an interest exchange.

8 (2) "Acquiring entity" means the entity that acquires
9 all of one or more classes or series of interests of the
10 acquired entity in an interest exchange.

11 (3) "Conversion" means a transaction authorized by
12 Part 4.

13 (4) "Converted entity" means the converting entity as
14 it continues in existence after a conversion.

15 (5) "Converting entity" means the domestic entity that
16 approves a plan of conversion pursuant to Section 1643 or
17 the foreign entity that approves a conversion pursuant to
18 the law of its jurisdiction of formation.

19 (6) "Distributional interest" means the right under an
20 unincorporated entity's organic law and organic rules to
21 receive distributions from the entity.

22 (7) "Domestic", with respect to an entity, means
23 governed as to its internal affairs by the law of this
24 State.

1 (8) "Domesticated limited cooperative association"
2 means the domesticating limited cooperative association as
3 it continues in existence after a domestication.

4 (9) "Domesticating limited cooperative association"
5 means the domestic limited cooperative association that
6 approves a plan of domestication pursuant to Section 1653
7 or the foreign limited cooperative association that
8 approves a domestication pursuant to the law of its
9 jurisdiction of formation.

10 (10) "Domestication" means a transaction authorized by
11 Part 5.

12 (11) "Entity":

13 (A) means:

14 (i) a business corporation;

15 (ii) a nonprofit corporation;

16 (iii) a general partnership, including a
17 limited liability partnership;

18 (iv) a limited partnership, including a
19 limited liability limited partnership;

20 (v) a limited liability company;

21 (vi) a general cooperative association;

22 (vii) a limited cooperative association;

23 (viii) an unincorporated nonprofit
24 association;

25 (ix) a statutory trust, business trust, or
26 common-law business trust; or

- 1 (x) any other person that has:
- 2 (I) a legal existence separate from any
- 3 interest holder of that person;
- 4 (II) the power to acquire an interest in
- 5 real property in its own name;
- 6 (B) does not include:
- 7 (i) an individual;
- 8 (ii) a trust with a predominantly donative
- 9 purpose or charitable trust;
- 10 (iii) an association or relationship that is
- 11 not an entity listed in subparagraph (A) and is not
- 12 a partnership under the rules stated in Section
- 13 202(c) of the Uniform Partnership Act (1997) or a
- 14 similar provision of the law of another
- 15 jurisdiction;
- 16 (v) a government or a governmental
- 17 subdivision, agency, or instrumentality.
- 18 (iv) a decedent's estate; or
- 19 (12) "Filing entity" means an entity whose formation
- 20 requires the filing of a public organic record. The term
- 21 does not include a limited liability partnership.
- 22 (13) "Foreign", with respect to an entity, means an
- 23 entity governed as to its internal affairs by the law of a
- 24 jurisdiction other than this State.
- 25 (14) "Governance interest" means a right under the
- 26 organic law or organic rules of an unincorporated entity,

1 other than as a governor, agent, assignee, or proxy, to:

2 (A) receive or demand access to information
3 concerning, or the books and records of, the entity;

4 (B) vote for or consent to the election of the
5 governors of the entity; or

6 (C) receive notice of or vote on or consent to an
7 issue involving the internal affairs of the entity.

8 (15) "Governor" means:

9 (A) a director of a business corporation;

10 (B) a director or trustee of a nonprofit
11 corporation;

12 (C) a general partner of a general partnership;

13 (D) a general partner of a limited partnership;

14 (E) a manager of a manager-managed limited
15 liability company;

16 (F) a member of a member-managed limited liability
17 company;

18 (G) a director of a general cooperative
19 association;

20 (H) a director of a limited cooperative
21 association;

22 (I) a manager of an unincorporated nonprofit
23 association;

24 (J) a trustee of a statutory trust, business trust,
25 or common-law business trust; or

26 (K) any other person under whose authority the

1 powers of an entity are exercised and under whose
2 direction the activities and affairs of the entity are
3 managed pursuant to the organic law and organic rules
4 of the entity.

5 (16) "Interest" means:

6 (A) a share in a business corporation;

7 (B) a membership in a nonprofit corporation;

8 (C) a partnership interest in a general
9 partnership;

10 (D) a partnership interest in a limited
11 partnership;

12 (E) a membership interest in a limited liability
13 company;

14 (F) a share in a general cooperative association;

15 (G) a member's interest in a limited cooperative
16 association;

17 (H) a membership in an unincorporated nonprofit
18 association;

19 (I) a beneficial interest in a statutory trust,
20 business trust, or common-law business trust; or

21 (J) a governance interest or distributional
22 interest in any other type of unincorporated entity.

23 (17) "Interest exchange" means a transaction
24 authorized by Part 3.

25 (18) "Interest holder" means:

26 (A) a shareholder of a business corporation;

- 1 (B) a member of a nonprofit corporation;
- 2 (C) a general partner of a general partnership;
- 3 (D) a general partner of a limited partnership;
- 4 (E) a limited partner of a limited partnership;
- 5 (F) a member of a limited liability company;
- 6 (G) a shareholder of a general cooperative
7 association;
- 8 (H) a member of a limited cooperative association;
- 9 (I) a member of an unincorporated nonprofit
10 association;
- 11 (J) a beneficiary or beneficial owner of a
12 statutory trust, business trust, or common-law
13 business trust; or
- 14 (K) any other direct holder of an interest.
- 15 (19) "Interest holder liability" means:
- 16 (A) personal liability for a liability of an entity
17 which is imposed on a person:
- 18 (i) solely by reason of the status of the
19 person as an interest holder; or
- 20 (ii) by the organic rules of the entity which
21 make one or more specified interest holders or
22 categories of interest holders liable in their
23 capacity as interest holders for all or specified
24 liabilities of the entity; or
- 25 (B) an obligation of an interest holder under the
26 organic rules of an entity to contribute to the entity.

1 (20) "Merger" means a transaction authorized by Part 2.

2 (21) "Merging entity" means an entity that is a party
3 to a merger and exists immediately before the merger
4 becomes effective.

5 (22) "Organic law" means the law of an entity's
6 jurisdiction of formation governing the internal affairs
7 of the entity.

8 (23) "Organic rules" means the public organic record
9 and private organic rules of an entity.

10 (24) "Plan" means a plan of merger, plan of interest
11 exchange, plan of conversion, or plan of domestication.

12 (25) "Plan of conversion" means a plan under Section
13 1642.

14 (26) "Plan of domestication" means a plan under Section
15 1652.

16 (27) "Plan of interest exchange" means a plan under
17 Section 1632.

18 (28) "Plan of merger" means a plan under Section 1622.

19 (29) "Private organic rules" means the rules, whether
20 or not in a record, that govern the internal affairs of an
21 entity, are binding on all its interest holders, and are
22 not part of its public organic record, if any. The term
23 includes:

24 (A) the bylaws of a business corporation;

25 (B) the bylaws of a nonprofit corporation;

26 (C) the partnership agreement of a general

1 partnership;

2 (D) the partnership agreement of a limited
3 partnership;

4 (E) the operating agreement of a limited liability
5 company;

6 (F) the bylaws of a general cooperative
7 association;

8 (G) the bylaws of a limited cooperative
9 association;

10 (H) the governing principles of an unincorporated
11 nonprofit association; and

12 (I) the trust instrument of a statutory trust or
13 similar rules of a business trust or common-law
14 business trust.

15 (30) "Protected agreement" means:

16 (A) a record evidencing indebtedness and any
17 related agreement in effect on the effective date of
18 this Act;

19 (B) an agreement that is binding on an entity on
20 the effective date of this Act;

21 (C) the organic rules of an entity in effect on the
22 effective date of this Act; or

23 (D) an agreement that is binding on any of the
24 governors or interest holders of an entity on the
25 effective date of this Act.

26 (31) "Public organic record" means the record the

1 filing of which by the Secretary of State is required to
2 form an entity and any amendment to or restatement of that
3 record. The term includes:

4 (A) the articles of incorporation of a business
5 corporation;

6 (B) the articles of incorporation of a nonprofit
7 corporation;

8 (C) the certificate of limited partnership of a
9 limited partnership;

10 (D) the certificate of organization of a limited
11 liability company;

12 (E) the articles of incorporation of a general
13 cooperative association;

14 (F) the articles of organization of a limited
15 cooperative association; and

16 (G) the certificate of trust of a statutory trust
17 or similar record of a business trust.

18 (32) "Registered foreign entity" means a foreign
19 entity that is registered to do business in this State
20 pursuant to a record filed by the Secretary of State.

21 (33) "Statement of conversion" means a statement under
22 Section 1645.

23 (34) "Statement of domestication" means a statement
24 under Section 1655.

25 (35) "Statement of interest exchange" means a
26 statement under Section 1635.

1 (36) "Statement of merger" means a statement under
2 Section 1625.

3 (37) "Surviving entity" means the entity that
4 continues in existence after or is created by a merger.

5 (38) "Type of entity" means a generic form of entity:

6 (A) recognized at common law; or

7 (B) formed under an organic law, whether or not
8 some entities formed under that organic law are subject
9 to provisions of that law that create different
10 categories of the form of entity.

11 Section 1602. Relationship of article to other laws.

12 (a) This Article does not authorize an act prohibited by,
13 and does not affect the application or requirements of, law
14 other than this Article.

15 (b) A transaction effected under this Article may not
16 create or impair a right, duty, or obligation of a person under
17 the statutory law of this State relating to a change in
18 control, takeover, business combination, control-share
19 acquisition, or similar transaction involving a domestic
20 merging, acquired, converting, or domesticating business
21 corporation unless:

22 (1) if the corporation does not survive the
23 transaction, the transaction satisfies any requirements of
24 the law; or

25 (2) if the corporation survives the transaction, the

1 approval of the plan is by a vote of the shareholders or
2 directors which would be sufficient to create or impair the
3 right, duty, or obligation directly under the law.

4 Section 1603. Required notice or approval.

5 (a) A domestic or foreign entity that is required to give
6 notice to, or obtain the approval of, a governmental agency or
7 officer of this State to be a party to a merger must give the
8 notice or obtain the approval to be a party to an interest
9 exchange, conversion, or domestication.

10 (b) Property held for a charitable purpose under the law of
11 this State by a domestic or foreign entity immediately before a
12 transaction under this Article becomes effective may not, as a
13 result of the transaction, be diverted from the objects for
14 which it was donated, granted, devised, or otherwise
15 transferred unless, to the extent required by or pursuant to
16 the law of this State concerning cy pres or other law dealing
17 with nondiversion of charitable assets, the entity obtains an
18 appropriate order of the circuit court specifying the
19 disposition of the property.

20 (c) A bequest, devise, gift, grant, or promise contained in
21 a will or other instrument of donation, subscription, or
22 conveyance which:

23 (1) is made to a merging entity that is not the
24 surviving entity; and

25 (2) takes effect or remains payable after the merger

1 inures to the surviving entity.

2 (d) A trust obligation that would govern property if
3 transferred to a nonsurviving entity applies to property that
4 is transferred to the surviving entity under this Section.

5 Section 1604. Nonexclusivity. The fact that a transaction
6 under this Article produces a certain result does not preclude
7 the same result from being accomplished in any other manner
8 permitted by law other than this Article.

9 Section 1605. Reference to external facts. A plan may refer
10 to facts ascertainable outside the plan if the manner in which
11 the facts will operate upon the plan is specified in the plan.
12 The facts may include the occurrence of an event or a
13 determination or action by a person, whether or not the event,
14 determination, or action is within the control of a party to
15 the transaction.

16 Section 1606. Appraisal rights. An interest holder of a
17 domestic merging, acquired, converting, or domesticating
18 limited cooperative association is entitled to contractual
19 appraisal rights in connection with a transaction under this
20 Article to the extent provided in the entity's organic rules or
21 the plan.

22 Section 1621. Merger authorized.

1 (a) By complying with this Part:

2 (1) one or more domestic limited cooperative
3 associations may merge with one or more domestic or foreign
4 entities into a domestic or foreign surviving entity; and

5 (2) two or more foreign entities may merge into a
6 domestic limited cooperative association.

7 (b) By complying with the provisions of this Part
8 applicable to foreign entities a foreign entity may be a party
9 to a merger under this Part or may be the surviving entity in
10 such a merger if the merger is authorized by the law of the
11 foreign entity's jurisdiction of formation.

12 Part 2.MERGER

13 Section 1622. Plan of merger.

14 (a) A domestic limited cooperative association may become a
15 party to a merger under this Part by approving a plan of
16 merger. The plan must be in a record and contain:

17 (1) as to each merging entity, its name, jurisdiction
18 of formation, and type of entity;

19 (2) if the surviving entity is to be created in the
20 merger, a statement to that effect and its name,
21 jurisdiction of formation, and type of entity;

22 (3) the manner of converting the interests in each
23 party to the merger into interests, securities,
24 obligations, money, other property, rights to acquire

1 interests or securities, or any combination of the
2 foregoing;

3 (4) if the surviving entity exists before the merger,
4 any proposed amendments to:

5 (A) its public organic record, if any; and

6 (B) its private organic rules that are, or are
7 proposed to be, in a record;

8 (5) if the surviving entity is to be created in the
9 merger:

10 (A) its proposed public organic record, if any; and

11 (B) the full text of its private organic rules that
12 are proposed to be in a record;

13 (6) the other terms and conditions of the merger; and

14 (7) any other provision required by the law of a
15 merging entity's jurisdiction of formation or the organic
16 rules of a merging entity.

17 (b) In addition to the requirements of subsection (a), a
18 plan of merger may contain any other provision not prohibited
19 by law.

20 Section 1623. Approval of merger.

21 (a) A plan of merger is not effective unless it has been
22 approved by a domestic merging limited cooperative association
23 as provided in Section 518.

24 (b) A merger involving a domestic merging entity that is
25 not a limited cooperative association is not effective unless

1 the merger is approved by that entity in accordance with its
2 organic law.

3 (c) A merger involving a foreign merging entity is not
4 effective unless the merger is approved by the foreign entity
5 in accordance with the law of the foreign entity's jurisdiction
6 of formation.

7 Section 1624. Amendment or abandonment of plan of merger.

8 (a) A plan of merger may be amended only with the consent
9 of each party to the plan except as otherwise provided in the
10 plan.

11 (b) A domestic merging limited cooperative association may
12 approve an amendment to a plan of merger:

13 (1) in the same manner as the plan was approved, if the
14 plan does not provide for the manner in which it may be
15 amended; or

16 (2) by its directors or members in the manner provided
17 in the plan, but a member that was entitled to vote on or
18 consent to approval of the merger is entitled to vote on or
19 consent to any amendment of the plan that will change:

20 (A) the amount or kind of interests, securities,
21 obligations, money, other property, rights to acquire
22 interests or securities, or any combination of the
23 foregoing, to be received by the members of any party
24 to the plan;

25 (B) the public organic record, if any, or private

1 organic rules of the surviving entity that will be in
2 effect immediately after the merger becomes effective,
3 except for changes that do not require approval of the
4 interest holders of the surviving entity under its
5 organic law or organic rules; or

6 (C) any other terms or conditions of the plan, if
7 the change would adversely affect the member in any
8 material respect.

9 (c) After a plan of merger has been approved and before a
10 statement of merger becomes effective, the plan may be
11 abandoned as provided in the plan. Unless prohibited by the
12 plan, a domestic merging limited cooperative association may
13 abandon the plan in the same manner as the plan was approved.

14 (d) If a plan of merger is abandoned after a statement of
15 merger has been delivered to the Secretary of State for filing
16 and before the statement becomes effective, a statement of
17 abandonment, signed by a party to the plan, must be delivered
18 to the Secretary of State for filing before the statement of
19 merger becomes effective. The statement of abandonment takes
20 effect on filing, and the merger is abandoned and does not
21 become effective. The statement of abandonment must contain:

22 (1) the name of each party to the plan of merger;

23 (2) the date on which the statement of merger was filed
24 by the Secretary of State;

25 (3) a statement that the merger has been abandoned in
26 accordance with this Section.

1 Section 1625. Statement of merger; effective date of
2 merger.

3 (a) A statement of merger must be signed by each merging
4 entity and delivered to the Secretary of State for filing.

5 (b) A statement of merger must contain:

6 (1) the name, jurisdiction of formation, and type of
7 entity of each merging entity that is not the surviving
8 entity;

9 (2) the name, jurisdiction of formation, and type of
10 entity of the surviving entity;

11 (3) a statement that the merger was approved by each
12 domestic merging entity, if any, in accordance with this
13 Part and by each foreign merging entity, if any, in
14 accordance with the law of its jurisdiction of formation;

15 (4) if the surviving entity exists before the merger
16 and is a domestic filing entity, any amendment to its
17 public organic record approved as part of the plan of
18 merger;

19 (5) if the surviving entity is created by the merger
20 and is a domestic filing entity, its public organic record,
21 as an attachment;

22 (6) if the surviving entity is created by the merger
23 and is a domestic limited liability partnership, its
24 statement of qualification, as an attachment; and

25 (7) if the surviving entity is a foreign entity that is

1 not a registered foreign entity, a mailing address to which
2 the Secretary of State may send any process served on the
3 Secretary of State pursuant to Section 1626(e).

4 (c) In addition to the requirements of subsection (b), a
5 statement of merger may contain any other provision not
6 prohibited by law.

7 (d) If the surviving entity is a domestic entity, its
8 public organic record, if any, must satisfy the requirements of
9 the law of this State, except that the public organic record
10 does not need to be signed.

11 (e) A plan of merger that is signed by all the merging
12 entities and meets all the requirements of subsection (b) may
13 be delivered to the Secretary of State for filing instead of a
14 statement of merger and on filing has the same effect. If a
15 plan of merger is filed as provided in this subsection,
16 references in this Article to a statement of merger refer to
17 the plan of merger filed under this subsection.

18 (f) If the surviving entity is a domestic limited
19 cooperative association, the merger becomes effective when the
20 statement of merger is effective. In all other cases, the
21 merger becomes effective on the later of:

22 (1) the date and provided by the organic law of the
23 surviving entity; or

24 (2) when the statement is effective.

25 Section 1626. Effect of merger.

1 (a) When a merger becomes effective:

2 (1) the surviving entity continues or comes into
3 existence;

4 (2) each merging entity that is not the surviving
5 entity ceases to exist;

6 (3) all property of each merging entity vests in the
7 surviving entity without transfer, reversion, or
8 impairment;

9 (4) all debts, obligations, and other liabilities of
10 each merging entity are debts, obligations, and other
11 liabilities of the surviving entity;

12 (5) except as otherwise provided by law or the plan of
13 merger, all the rights, privileges, immunities, powers,
14 and purposes of each merging entity vest in the surviving
15 entity;

16 (6) if the surviving entity exists before the merger:

17 (A) all its property continues to be vested in it
18 without transfer, reversion, or impairment;

19 (B) it remains subject to all its debts,
20 obligations, and other liabilities; and

21 (C) all its rights, privileges, immunities,
22 powers, and purposes continue to be vested in it;

23 (7) the name of the surviving entity may be substituted
24 for the name of any merging entity that is a party to any
25 pending action or proceeding;

26 (8) if the surviving entity exists before the merger:

1 (A) its public organic record, if any, is amended
2 to the extent provided in the statement of merger; and

3 (B) its private organic rules that are to be in a
4 record, if any, are amended to the extent provided in
5 the plan of merger;

6 (9) if the surviving entity is created by the merger,
7 its private organic rules are effective; and:

8 (A) if it is a filing entity, its public organic
9 record is effective; and

10 (B) if it is a limited liability partnership, its
11 statement of qualification is effective; and

12 (10) the interests in each merging entity which are to
13 be converted in the merger are converted, and the interest
14 holders of those interests are entitled only to the rights
15 provided to them under the plan of merger and to any
16 appraisal rights they have under Section 1608 and the
17 merging entity's organic law.

18 (b) Except as otherwise provided in the organic law or
19 organic rules of a merging entity, the merger does not give
20 rise to any rights that an interest holder, governor, or third
21 party would have upon a dissolution, liquidation, or winding up
22 of the merging entity.

23 (c) When a merger becomes effective, a person that did not
24 have interest holder liability with respect to any of the
25 merging entities and becomes subject to interest holder
26 liability with respect to a domestic entity as a result of the

1 merger has interest holder liability only to the extent
2 provided by the organic law of that entity and only for those
3 debts, obligations, and other liabilities that are incurred
4 after the merger becomes effective.

5 (d) When a merger becomes effective, the interest holder
6 liability of a person that ceases to hold an interest in a
7 domestic merging limited cooperative association with respect
8 to which the person had interest holder liability is subject to
9 the following rules:

10 (1) The merger does not discharge any interest holder
11 liability under this Act to the extent the interest holder
12 liability was incurred before the merger became effective.

13 (2) The person does not have interest holder liability
14 under this Act for any debt, obligation, or other liability
15 that is incurred after the merger becomes effective.

16 (3) This Act continues to apply to the release,
17 collection, or discharge of any interest holder liability
18 preserved under paragraph (1) as if the merger had not
19 occurred.

20 (4) The person has whatever rights of contribution from
21 any other person as are provided by this Act, law other
22 than this Act, or the organic rules of the domestic merging
23 limited cooperative association with respect to any
24 interest holder liability preserved under paragraph (1) as
25 if the merger had not occurred.

26 (e) When a merger becomes effective, a foreign entity that

1 is the surviving entity may be served with process in this
2 State for the collection and enforcement of any debts,
3 obligations, or other liabilities of a domestic merging limited
4 cooperative association as provided in Section 122.

5 (f) When a merger becomes effective, the registration to do
6 business in this State of any foreign merging entity that is
7 not the surviving entity is canceled.

8 Part 3. INTEREST EXCHANGE

9 Section 1631. Interest exchange authorized.

10 (a) By complying with this Part:

11 (1) a domestic limited cooperative association may
12 acquire all of one or more classes or series of interests
13 of another domestic entity or a foreign entity in exchange
14 for interests, securities, obligations, money, other
15 property, rights to acquire interests or securities, or any
16 combination of the foregoing; or

17 (2) all of one or more classes or series of interests
18 of a domestic limited cooperative association may be
19 acquired by another domestic entity or a foreign entity in
20 exchange for interests, securities, obligations, money,
21 other property, rights to acquire interests or securities,
22 or any combination of the foregoing.

23 (b) By complying with the provisions of this Part
24 applicable to foreign entities, a foreign entity may be the

1 acquiring or acquired entity in an interest exchange under this
2 Part if the interest exchange is authorized by the law of the
3 foreign entity's jurisdiction of formation.

4 (c) If a protected agreement contains a provision that
5 applies to a merger of a domestic limited cooperative
6 association but does not refer to an interest exchange, the
7 provision applies to an interest exchange in which the domestic
8 limited cooperative association is the acquired entity as if
9 the interest exchange were a merger until the provision is
10 amended after the effective date of this Act.

11 Section 1632. Plan of interest exchange

12 (a) A domestic limited cooperative association may be the
13 acquired entity in an interest exchange under this Part by
14 approving a plan of interest exchange. The plan must be in a
15 record and contain:

16 (1) the name of the acquired entity;

17 (2) the name, jurisdiction of formation, and type of
18 entity of the acquiring entity;

19 (3) the manner of converting the interests in the
20 acquired entity into interests, securities, obligations,
21 money, other property, rights to acquire interests or
22 securities, or any combination of the foregoing;

23 (4) any proposed amendments to:

24 (A) the articles of organization of the acquired
25 entity; and

1 (B) the organic rules of the acquired entity that
2 are, or are proposed to be, in a record;

3 (5) the other terms and conditions of the interest
4 exchange; and

5 (6) any other provision required by the law of this
6 State or the organic rules of the acquired entity.

7 (b) In addition to the requirements of subsection (a), a
8 plan of interest exchange may contain any other provision not
9 prohibited by law.

10 Section 1633. Approval of interest exchange.

11 (a) A plan of interest exchange is not effective unless it
12 has been approved by a domestic converting limited cooperative
13 association as provided in Section 518.

14 (b) An interest exchange involving a domestic acquired
15 entity that is not a limited cooperative association is not
16 effective unless it is approved by the domestic entity in
17 accordance with its organic law.

18 (c) An interest exchange involving a foreign acquired
19 entity is not effective unless it is approved by the foreign
20 entity in accordance with the law of the foreign entity's
21 jurisdiction of formation.

22 (d) Except as otherwise provided in its organic law or
23 organic rules, the interest holders of the acquiring entity are
24 not required to approve the interest exchange.

1 Section 1634. Amendment or abandonment of plan of interest
2 exchange.

3 (a) A plan of interest exchange may be amended only with
4 the consent of each party to the plan, except as otherwise
5 provided in the plan.

6 (b) A domestic acquired limited cooperative association
7 may approve an amendment to a plan of interest exchange:

8 (1) in the same manner as the plan was approved, if the
9 plan does not provide for the manner in which it may be
10 amended; or

11 (2) by its directors or members in the manner provided
12 in the plan, but a member that was entitled to vote on or
13 consent to approval of the interest exchange is entitled to
14 vote on or consent to any amendment of the plan that will
15 change:

16 (A) the amount or kind of interests, securities,
17 obligations, money, other property, rights to acquire
18 interests or securities, or any combination of the
19 foregoing, to be received by any of the members under
20 the plan;

21 (B) the organic rules of the acquired association
22 that will be in effect immediately after the interest
23 exchange becomes effective, except for changes that do
24 not require approval of the members of the acquired
25 association under this Act or the organic rules; or

26 (C) any other terms or conditions of the plan, if

1 the change would adversely affect the member in any
2 material respect.

3 (c) After a plan of interest exchange has been approved and
4 before a statement of interest exchange becomes effective, the
5 plan may be abandoned as provided in the plan. Unless
6 prohibited by the plan, a domestic acquired limited cooperative
7 association may abandon the plan in the same manner as the plan
8 was approved.

9 (d) If a plan of interest exchange is abandoned after a
10 statement of interest exchange has been delivered to the
11 Secretary of State for filing and before the statement becomes
12 effective, a statement of abandonment, signed by the acquired
13 limited cooperative association, must be delivered to the
14 Secretary of State for filing before the statement of interest
15 exchange becomes effective. The statement of abandonment takes
16 effect on filing, and the interest exchange is abandoned and
17 does not become effective. The statement of abandonment must
18 contain:

19 (1) the name of the association;

20 (2) the date on which the statement of interest
21 exchange was filed by the Secretary of State; and

22 (3) a statement that the interest exchange has been
23 abandoned in accordance with this Section.

24 Section 1635. Statement of interest exchange; effective
25 date of interest exchange.

1 (a) A statement of interest exchange must be signed by a
2 domestic acquired limited cooperative association and
3 delivered to the Secretary of State for filing.

4 (b) A statement of interest exchange must contain:

5 (1) the name of the acquired limited cooperative
6 association;

7 (2) the name, jurisdiction of formation, and type of
8 entity of the acquiring entity;

9 (3) if the statement of interest exchange is not to be
10 effective upon filing, the later date and time on which it
11 will become effective pursuant to Section 1636;

12 (4) a statement that the plan of interest exchange was
13 approved by the acquired association in accordance with
14 this Part; and

15 (5) any amendments to the acquired association's
16 articles of organization approved as part of the plan of
17 interest exchange.

18 (c) In addition to the requirements of subsection (b), a
19 statement of interest exchange may contain any other provision
20 not prohibited by law.

21 (d) A plan of interest exchange that is signed by a
22 domestic acquired limited cooperative association and meets
23 all the requirements of subsection (b) may be delivered to the
24 Secretary of State for filing instead of a statement of
25 interest exchange and on filing has the same effect. If a plan
26 of interest exchange is filed as provided in this subsection,

1 references in this Article to a statement of interest exchange
2 refer to the plan of interest exchange filed under this
3 subsection.

4 (e) An interest exchange becomes effective when the
5 statement of interest exchange is effective.

6 Section 1636. Effect of interest exchange.

7 (a) When an interest exchange in which the acquired entity
8 is a domestic limited cooperative association becomes
9 effective:

10 (1) the interests in the acquired association which are
11 the subject of the interest exchange are converted, and the
12 members holding those interests are entitled only to the
13 rights provided to them under the plan of interest exchange
14 and to any appraisal rights they have under Section 1606;

15 (2) the acquiring entity becomes the interest holder of
16 the interests in the acquired association stated in the
17 plan of interest exchange to be acquired by the acquiring
18 entity; and

19 (3) the organic rules of the acquired entity are
20 amended to the extent provided in the statement of interest
21 exchange.

22 (b) Except as otherwise provided in the organic rules of a
23 domestic acquired limited cooperative association, the
24 interest exchange does not give rise to any rights that a
25 member, director, or third party would have upon a dissolution,

1 liquidation, or winding up of the acquired association.

2 (c) When an interest exchange becomes effective, a person
3 that did not have interest holder liability with respect to a
4 domestic acquired limited cooperative association and becomes
5 subject to interest holder liability with respect to a domestic
6 entity as a result of the interest exchange has interest holder
7 liability only to the extent provided by the organic law of the
8 entity and only for those debts, obligations, and other
9 liabilities that are incurred after the interest exchange
10 becomes effective.

11 (d) When an interest exchange becomes effective, the
12 interest holder liability of a person that ceases to hold an
13 interest in a domestic acquired limited cooperative
14 association with respect to which the person had interest
15 holder liability is subject to the following rules:

16 (1) The interest exchange does not discharge any
17 interest holder liability under this Act to the extent the
18 interest holder liability was incurred before the interest
19 exchange became effective.

20 (2) The person does not have interest holder liability
21 under this Act for any debt, obligation, or other liability
22 that is incurred after the interest exchange becomes
23 effective.

24 (3) This Act continues to apply to the release,
25 collection, or discharge of any interest holder liability
26 preserved under paragraph (1) as if the interest exchange

1 had not occurred.

2 (4) The person has whatever rights of contribution from
3 any other person as are provided by this Act, law other
4 than this Act or the organic rules of the acquired
5 association with respect to any interest holder liability
6 preserved under paragraph (1) as if the interest exchange
7 had not occurred.

8 Part 4.CONVERSION

9 Section 1641. Conversion authorized.

10 (a) By complying with this Part, a domestic limited
11 cooperative association may become:

12 (1) a domestic entity that is a different type of
13 entity; or

14 (2) a foreign entity that is a different type of
15 entity, if the conversion is authorized by the law of the
16 foreign entity's jurisdiction of formation.

17 (b) By complying with the provisions of this Part
18 applicable to foreign entities a foreign entity that is not a
19 foreign limited cooperative association may become a domestic
20 limited cooperative association if the conversion is
21 authorized by the law of the foreign entity's jurisdiction of
22 formation.

23 (c) If a protected agreement contains a provision that
24 applies to a merger of a domestic limited cooperative

1 association but does not refer to a conversion, the provision
2 applies to a conversion of the association as if the conversion
3 were a merger until the provision is amended after the
4 effective date of this Act.

5 Section 1642. Plan of conversion.

6 (a) A domestic limited cooperative association may convert
7 to a different type of entity under this Part by approving a
8 plan of conversion. The plan must be in a record and contain:

9 (1) the name of the converting limited cooperative
10 association;

11 (2) the name, jurisdiction of formation, and type of
12 entity of the converted entity;

13 (3) the manner of converting the interests in the
14 converting limited cooperative association into interests,
15 securities, obligations, money, other property, rights to
16 acquire interests or securities, or any combination of the
17 foregoing;

18 (4) the proposed public organic record of the converted
19 entity if it will be a filing entity;

20 (5) the full text of the private organic rules of the
21 converted entity which are proposed to be in a record;

22 (6) the other terms and conditions of the conversion;
23 and

24 (7) any other provision required by the law of this
25 State or the organic rules of the converting limited

1 cooperative association.

2 (b) In addition to the requirements of subsection (a), a
3 plan of conversion may contain any other provision not
4 prohibited by law.

5 Section 1643. Approval of conversion.

6 (a) A plan of conversion is not effective unless it has
7 been approved by a domestic converting limited cooperative
8 association as provided in Section 518.

9 (b) A conversion involving a domestic converting entity
10 that is not a limited cooperative association is not effective
11 unless it is approved by the domestic converting entity in
12 accordance with its organic law.

13 (c) A conversion of a foreign converting entity is not
14 effective unless it is approved by the foreign entity in
15 accordance with the law of the foreign entity's jurisdiction of
16 formation.

17 Section 1644. Amendment or abandonment of plan of
18 conversion.

19 (a) A plan of conversion of a domestic converting limited
20 cooperative association may be amended:

21 (1) in the same manner as the plan was approved, if the
22 plan does not provide for the manner in which it may be
23 amended; or

24 (2) by its directors or members in the manner provided

1 in the plan, but an interest holder that was entitled to
2 vote on or consent to approval of the conversion is
3 entitled to vote on or consent to any amendment of the plan
4 that will change:

5 (A) the amount or kind of interests, securities,
6 obligations, money, other property, rights to acquire
7 interests or securities, or any combination of the
8 foregoing, to be received by any of the members of the
9 converting association under the plan;

10 (B) the public organic record, if any, or private
11 organic rules of the converted entity which will be in
12 effect immediately after the conversion becomes
13 effective, except for changes that do not require
14 approval of the interest holders of the converted
15 entity under its organic law or organic rules; or

16 (C) any other terms or conditions of the plan, if
17 the change would adversely affect the member in any
18 material respect.

19 (b) After a plan of conversion has been approved by a
20 domestic converting limited cooperative association and before
21 a statement of conversion becomes effective, the plan may be
22 abandoned as provided in the plan. Unless prohibited by the
23 plan, a domestic converting limited cooperative association
24 may abandon the plan in the same manner as the plan was
25 approved.

26 (c) If a plan of conversion is abandoned after a statement

1 of conversion has been delivered to the Secretary of State for
2 filing and before the statement becomes effective, a statement
3 of abandonment, signed by the entity, must be delivered to the
4 Secretary of State for filing before the statement of
5 conversion becomes effective. The statement of abandonment
6 takes effect on filing, and the conversion is abandoned and
7 does not become effective. The statement of abandonment must
8 contain:

9 (1) the name of the converting limited cooperative
10 association;

11 (2) the date on which the statement of conversion was
12 filed by the Secretary of State; and

13 (3) a statement that the conversion has been abandoned
14 in accordance with this Section.

15 Section 1645. Statement of conversion; effective date of
16 conversion.

17 (a) A statement of conversion must be signed by the
18 converting entity and delivered to the Secretary of State for
19 filing.

20 (b) A statement of conversion must contain:

21 (1) the name, jurisdiction of formation, and type of
22 entity of the converting entity;

23 (2) the name, jurisdiction of formation, and type of
24 entity of the converted entity;

25 (3) if the converting entity is a domestic limited

1 cooperative association, a statement that the plan of
2 conversion was approved in accordance with this Part or, if
3 the converting entity is a foreign entity, a statement that
4 the conversion was approved by the foreign converting
5 entity in accordance with the law of its jurisdiction of
6 formation;

7 (4) if the converted entity is a domestic filing
8 entity, its public organic record, as an attachment;

9 (5) if the converted entity is a domestic limited
10 liability partnership, its statement of qualification, as
11 an attachment; and

12 (6) if the converted entity is a foreign entity, a
13 mailing address to which the Secretary of State may send
14 any process served on the Secretary of State pursuant to
15 Section 1646(e).

16 (c) In addition to the requirements of subsection (b), a
17 statement of conversion may contain any other provision not
18 prohibited by law.

19 (d) If the converted entity is a domestic entity, its
20 public organic record, if any, must satisfy the requirements of
21 the law of this State, except that the public organic record
22 does not need to be signed and may omit any provision that is
23 not required to be included in a restatement of the public
24 organic record.

25 (e) A plan of conversion that is signed by a domestic
26 converting limited cooperative association and meets all the

1 requirements of subsection (b) may be delivered to the
2 Secretary of State for filing instead of a statement of
3 conversion and on filing has the same effect. If a plan of
4 conversion is filed as provided in this subsection, references
5 in this Article to a statement of conversion refer to the plan
6 of conversion filed under this subsection.

7 (f) If the converted entity is domestic limited cooperative
8 association, the conversion becomes effective when the
9 statement of conversion is effective. In all other cases, the
10 conversion becomes effective on the later of:

11 (1) the date and time provided by the organic law of
12 the converted entity; or

13 (2) when the statement is effective.

14 Section 1646. Effect of conversion.

15 (a) When a conversion becomes effective:

16 (1) the converted entity is:

17 (A) organized under and subject to the organic law
18 of the converted entity; and

19 (B) the same entity without interruption as the
20 converting entity;

21 (2) all property of the converting entity continues to
22 be vested in the converted entity without transfer,
23 reversion, or impairment;

24 (3) all debts, obligations, and other liabilities of
25 the converting entity continue as debts, obligations, and

1 other liabilities of the converted entity;

2 (4) except as otherwise provided by law or the plan of
3 conversion, all the rights, privileges, immunities,
4 powers, and purposes of the converting entity remain in the
5 converted entity;

6 (5) the name of the converted entity may be substituted
7 for the name of the converting entity in any pending action
8 or proceeding;

9 (6) the organic rules of the converted entity are
10 effective; and

11 (7) the interests in the converting entity are
12 converted, and the interest holders of the converting
13 entity are entitled only to the rights provided to them
14 under the plan of conversion and to any appraisal rights
15 they have under Section 1606.

16 (b) Except as otherwise provided in the organic rules of a
17 domestic converting limited cooperative association, the
18 conversion does not give rise to any rights that a member,
19 director, or third party would have upon a dissolution,
20 liquidation, or winding up of the converting entity.

21 (c) When a conversion becomes effective, a person that did
22 not have interest holder liability with respect to the
23 converting entity and becomes subject to interest holder
24 liability with respect to a domestic entity as a result of the
25 conversion has interest holder liability only to the extent
26 provided by the organic law of the entity and only for those

1 debts, obligations, and other liabilities that are incurred
2 after the conversion becomes effective.

3 (d) When a conversion becomes effective, the interest
4 holder liability of a person that ceases to hold an interest in
5 a domestic converting limited cooperative association with
6 respect to which the person had interest holder liability is
7 subject to the following rules:

8 (1) The conversion does not discharge any interest
9 holder liability under this Act to the extent the interest
10 holder liability was incurred before the conversion became
11 effective.

12 (2) The person does not have interest holder liability
13 under this Act for any debt, obligation, or other liability
14 that is incurred after the conversion becomes effective;

15 (3) This Act continues to apply to the release,
16 collection, or discharge of any interest holder liability
17 preserved under paragraph (1) as if the conversion had not
18 occurred.

19 (4) The person has whatever rights of contribution from
20 any other person as are provided by this Act, law other
21 than this Act, or the organic rules of the domestic
22 converting limited cooperative association with respect to
23 any interest holder liability preserved under paragraph
24 (1) as if the conversion had not occurred.

25 (e) When a conversion becomes effective, a foreign entity
26 that is the converted entity may be served with process in this

1 State for the collection and enforcement of any of its debts,
2 obligations, and other liabilities as provided in Section 122.

3 (f) If the converting entity is a registered foreign
4 entity, its registration to do business in this State is
5 canceled when the conversion becomes effective.

6 (g) A conversion does not require the entity to wind up its
7 affairs and does not constitute or cause the dissolution of the
8 entity.

9 Part 5.DOMESTICATION

10 Section 1651. Domestication authorized.

11 (a) By complying with this Part, a domestic limited
12 cooperative association may become a foreign limited
13 cooperative association if the domestication is authorized by
14 the law of the foreign jurisdiction.

15 (b) By complying with the provisions of this Part
16 applicable to foreign limited cooperative associations a
17 foreign limited cooperative association may become a domestic
18 limited cooperative association if the domestication is
19 authorized by the law of the foreign limited cooperative
20 association's jurisdiction of formation.

21 (c) If a protected agreement contains a provision that
22 applies to a merger of a domestic limited cooperative
23 association but does not refer to a domestication, the
24 provision applies to a domestication of the limited cooperative

1 association as if the domestication were a merger until the
2 provision is amended after the effective date of this Act.

3 Section 1652. Plan of domestication.

4 (a) A domestic limited cooperative association may become a
5 foreign limited cooperative association in a domestication by
6 approving a plan of domestication. The plan must be in a record
7 and contain:

8 (1) the name of the domesticating limited cooperative
9 association;

10 (2) the name and jurisdiction of formation of the
11 domesticated limited cooperative association;

12 (3) the manner of converting the interests in the
13 domesticating limited cooperative association into
14 interests, securities, obligations, money, other property,
15 rights to acquire interests or securities, or any
16 combination of the foregoing;

17 (4) the proposed organic rules of the domesticated
18 limited cooperative association;

19 (5) the other terms and conditions of the
20 domestication; and

21 (6) any other provision required by the law of this
22 State or the organic rules of the domesticating limited
23 cooperative association.

24 (b) In addition to the requirements of subsection (a), a
25 plan of domestication may contain any other provision not

1 prohibited by law.

2 Section 1653. Approval of domestication.

3 (a) A plan of domestication of a domestic domesticating
4 limited cooperative association is not effective unless it has
5 been approved as provided in Section 518.

6 (b) A domestication of a foreign domesticating limited
7 cooperative association is not effective unless it is approved
8 in accordance with the law of the foreign limited cooperative
9 association's jurisdiction of formation.

10 Section 1654. Amendment or abandonment of plan of
11 domestication.

12 (a) A plan of domestication of a domestic domesticating
13 limited cooperative association may be amended:

14 (1) in the same manner as the plan was approved, if the
15 plan does not provide for the manner in which it may be
16 amended; or

17 (2) by its directors or members in the manner provided
18 in the plan, but a member that was entitled to vote on or
19 consent to approval of the domestication is entitled to
20 vote on or consent to any amendment of the plan that will
21 change:

22 (A) the amount or kind of interests, securities,
23 obligations, money, other property, rights to acquire
24 interests or securities, or any combination of the

1 foregoing, to be received by any of the members of the
2 domesticating limited cooperative association under
3 the plan;

4 (B) the organic rules of the domesticated limited
5 cooperative association that will be in effect
6 immediately after the domestication becomes effective,
7 except for changes that do not require approval of the
8 members of the domesticated limited cooperative
9 association under its organic rules; or

10 (C) any other terms or conditions of the plan, if
11 the change would adversely affect the member in any
12 material respect.

13 (b) After a plan of domestication has been approved by a
14 domestic domesticating limited cooperative association and
15 before a statement of domestication becomes effective, the plan
16 may be abandoned as provided in the plan. Unless prohibited by
17 the plan, a domestic domesticating limited cooperative
18 association may abandon the plan in the same manner as the plan
19 was approved.

20 (c) If a plan of domestication is abandoned after a
21 statement of domestication has been delivered to the Secretary
22 of State for filing and before the statement becomes effective,
23 a statement of abandonment, signed by the domesticating limited
24 cooperative association, must be delivered to the Secretary of
25 State for filing before the statement of domestication becomes
26 effective. The statement of abandonment takes effect on filing,

1 and the domestication is abandoned and does not become
2 effective. The statement of abandonment must contain:

3 (1) the name of the domesticating limited cooperative
4 association;

5 (2) the date on which the statement of domestication
6 was filed by the Secretary of State; and

7 (3) a statement that the domestication has been
8 abandoned in accordance with this Section.

9 Section 1655. Statement of domestication; effective date
10 of domestication.

11 (a) A statement of domestication must be signed by the
12 domesticating limited cooperative association and delivered to
13 the Secretary of State for filing.

14 (b) A statement of domestication must contain:

15 (1) the name and jurisdiction of formation of the
16 domesticating limited cooperative association;

17 (2) the name and jurisdiction of formation of the
18 domesticated limited cooperative association;

19 (3) if the domesticating limited cooperative
20 association is a domestic limited cooperative association,
21 a statement that the plan of domestication was approved in
22 accordance with this Part or, if the domesticating limited
23 cooperative association is a foreign limited cooperative
24 association, a statement that the domestication was
25 approved in accordance with the law of its jurisdiction of

1 formation;

2 (4) the articles of organization of the domesticated
3 limited cooperative association, as an attachment; and

4 (5) if the domesticated entity is a foreign limited
5 cooperative association, a mailing address to which the
6 Secretary of State may send any process served on the
7 Secretary of State pursuant to Section 1656(e).

8 (c) In addition to the requirements of subsection (b), a
9 statement of domestication may contain any other provision not
10 prohibited by law.

11 (d) The articles of organization of a domestic domesticated
12 limited cooperative association must satisfy the requirements
13 of this Act, but the articles do not need to be signed.

14 (e) A plan of domestication that is signed by a domestic
15 domesticating limited cooperative association and meets all
16 the requirements of subsection (b) may be delivered to the
17 Secretary of State for filing instead of a statement of
18 domestication and on filing has the same effect. If a plan of
19 domestication is filed as provided in this subsection,
20 references in this Article to a statement of domestication
21 refer to the plan of domestication filed under this subsection.

22 (f) If the domesticated entity is a domestic limited
23 cooperative association, the domestication becomes effective
24 when the statement of domestication is effective. In all other
25 cases, the domestication becomes effective on the later of:

26 (1) the date and time provided in the organic law of

1 the domesticated entity; or
2 (2) when the statement is effective.

3 Section 1656. Effect of domestication.

4 (a) When a domestication becomes effective:

5 (1) the domesticated entity is:

6 (A) organized under and subject to the organic law
7 of the domesticated entity; and

8 (B) the same entity without interruption as the
9 domesticating entity;

10 (2) all property of the domesticating entity continues
11 to be vested in the domesticated entity without transfer,
12 reversion, or impairment;

13 (3) all debts, obligations, and other liabilities of
14 the domesticating entity continue as debts, obligations,
15 and other liabilities of the domesticated entity;

16 (4) except as otherwise provided by law or the plan of
17 domestication, all the rights, privileges, immunities,
18 powers, and purposes of the domesticating entity remain in
19 the domesticated entity;

20 (5) the name of the domesticated entity may be
21 substituted for the name of the domesticating entity in any
22 pending action or proceeding;

23 (6) the organic rules of the domesticated entity are
24 effective; and

25 (7) the interests in the domesticating entity are

1 converted to the extent and as approved in connection with
2 the domestication, and the interest holders of the
3 domesticating entity are entitled only to the rights
4 provided to them under the plan of domestication and to any
5 appraisal rights they have under Section 1606.

6 (b) Except as otherwise provided in the organic law or
7 organic rules of the domesticating entity, the domestication
8 does not give rise to any rights that an interest holder,
9 director, or third party would have upon a dissolution,
10 liquidation, or winding-up of the domesticating entity.

11 (c) When a domestication becomes effective, a person that
12 did not have interest holder liability with respect to the
13 domesticating limited cooperative association and becomes
14 subject to interest holder liability with respect to a domestic
15 entity as a result of the domestication has interest holder
16 liability only to the extent provided by this Act and only for
17 those debts, obligations, and other liabilities that are
18 incurred after the domestication becomes effective.

19 (d) When a domestication becomes effective, the interest
20 holder liability of a person that ceases to hold an interest in
21 a domestic domesticating limited cooperative association with
22 respect to which the person had interest holder liability is
23 subject to the following rules:

24 (1) The domestication does not discharge any interest
25 holder liability under this Act to the extent the interest
26 holder liability was incurred before the domestication

1 became effective.

2 (2) A person does not have interest holder liability
3 under this Act for any debt, obligation, or other liability
4 that is incurred after the domestication becomes
5 effective.

6 (3) This Act continues to apply to the release,
7 collection or discharge of any interest holder liability
8 preserved under paragraph (1) as if the domestication had
9 not occurred.

10 (4) A person has whatever rights of contribution from
11 any other person as are provided by this Act, law other
12 than this Act or the organic rules of a domestic
13 domesticating limited cooperative association with respect
14 to any interest holder liability preserved under paragraph
15 (1) as if the domestication had not occurred.

16 (e) When a domestication becomes effective, a foreign
17 limited cooperative association that is the domesticated
18 association may be served with process in this State for the
19 collection and enforcement of any of its debts, obligations,
20 and other liabilities as provided in Section 122.

21 (f) If the domesticating limited cooperative association
22 is a registered entity, the registration of the entity is
23 canceled when the domestication becomes effective.

24 (g) A domestication does not require a domestic
25 domesticating limited cooperative association to wind up its
26 affairs and does not constitute or cause the dissolution of the

1 association.

2 Article 17. MISCELLANEOUS PROVISIONS

3 Section 1701. Uniformity of application and construction.
4 In applying and construing this uniform Act, consideration must
5 be given to the need to promote uniformity of the law with
6 respect to its subject matter among states that enact it.

7 Section 1702. Relation to Electronic Signatures in Global
8 and National Commerce Act. This Act modifies, limits, and
9 supersedes the Electronic Signatures in Global and National
10 Commerce Act, 15 U.S.C. Section 7001 et seq., but does not
11 modify, limit, or supersede Section 101(c) of that Act, 15
12 U.S.C. Section 7001(c) or authorize electronic delivery of any
13 of the notices described in Section 103(b) of that Act, 15
14 U.S.C. Section 7003(b).

15 Section 1703. Savings clause. This Act does not affect an
16 action commenced, or proceeding brought, or right accrued
17 before the effective date of this Act.