

1 ENGROSSED HOUSE
2 BILL NO. 2722

By: Armes of the House

and

Ivester of the Senate

(cooperatives - Uniform Limited Cooperative Association
Act - service of process - codification -
effective date)

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BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

ARTICLE 1

GENERAL PROVISIONS

SECTION 1. NEW LAW A new section of law to be codified
in the Oklahoma Statutes as Section 440-101 of Title 18, unless
there is created a duplication in numbering, reads as follows:

SHORT TITLE. Sections 1 through 149 of this act shall be known
and may be cited as the "Uniform Limited Cooperative Association
Act".

SECTION 2. NEW LAW A new section of law to be codified
in the Oklahoma Statutes as Section 440-102 of Title 18, unless
there is created a duplication in numbering, reads as follows:

1 DEFINITIONS. In the Uniform Limited Cooperative Association

2 Act:

3 (1) "Articles of organization" means the articles of
4 organization of a limited cooperative association required by
5 Section 30 of this act. The term includes the articles as amended
6 or restated.

7 (2) "Board of directors" means the board of directors of a
8 limited cooperative association.

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

11 (4) "Certificate of authority" means a certificate issued by
12 the Secretary of State for a foreign cooperative to transact
13 business in this state.

14 (5) "Contribution", except as used in subsection (c) of Section
15 97 of this act, means a benefit that a person provides to a limited
16 cooperative association to become or remain a member or in the
17 person's capacity as a member.

18 (6) "Cooperative" means a limited cooperative association or an
19 entity organized under any cooperative law of any jurisdiction.

20 (7) "Designated office" means the office that a limited
21 cooperative association or a foreign cooperative is required to
22 designate and maintain under paragraph (1) of subsection (a) of
23 Section 17 of this act.

1 (8) "Director" means a director of a limited cooperative
2 association.

3 (9) "Distribution", except as used in subsection (e) of Section
4 96 of this act, means a transfer of money or other property from a
5 limited cooperative association to a member because of the member's
6 financial rights or to a transferee of a member's financial rights.

7 (10) "Entity" means a person other than an individual.

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

12 (12) "Foreign cooperative" means an entity organized in a
13 jurisdiction other than this state under a law similar to the
14 Uniform Limited Cooperative Association Act.

15 (13) "Governance rights" means the right to participate in
16 governance of a limited cooperative association.

17 (14) "Investor member" means a member that has made a
18 contribution to a limited cooperative association and

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

23 (B) is not permitted by the organic rules to conduct
24 patronage with the association in the member's

1 capacity as an investor member in order to receive the
2 member's interest.

3 (15) "Limited cooperative association" means an association
4 organized under the Uniform Limited Cooperative Association Act.

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

9 (17) "Member's interest" means the interest of a patron member
10 or investor member under Section 57 of this act.

11 (18) "Members meeting" means an annual members meeting or
12 special meeting of members.

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

15 (20) "Organic rules" means the articles of organization and
16 bylaws of a limited cooperative association.

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

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

- 21 (A) is required by the organic rules to conduct patronage
22 with the association in the member's capacity as a
23 patron member in order to receive the member's
24 interest; or

1 (B) is permitted by the organic rules to conduct patronage
2 with the association in the member's capacity as a
3 patron member in order to receive the member's
4 interest.

5 (23) "Patronage" means business transactions between a limited
6 cooperative association and a person which entitle the person to
7 receive financial rights based on the value or quantity of business
8 done between the association and the person.

9 (24) "Person" means an individual, corporation, business trust,
10 cooperative, estate, trust, partnership, limited partnership,
11 limited liability company, limited cooperative association, joint
12 venture, association, public corporation, government or governmental
13 subdivision, agency, or instrumentality, or any other legal or
14 commercial entity.

15 (25) "Principal office" means the principal executive office of
16 a limited cooperative association or foreign cooperative, whether or
17 not in this state.

18 (26) "Record", used as a noun, means information that is
19 inscribed on a tangible medium or that is stored in an electronic or
20 other medium and is retrievable in perceivable form.

21 (27) "Required information" means the information a limited
22 cooperative association is required to maintain under Section 14 of
23 this act.

1 (28) "Sign" means, with present intent to authenticate or adopt
2 a record:

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

4 (B) to attach to or logically associate with the record an
5 electronic symbol, sound, or process.

6 (29) "State" means a state of the United States, the District
7 of Columbia, Puerto Rico, the United States Virgin Islands, or any
8 territory or insular possession subject to the jurisdiction of the
9 United States.

10 (30) "Transfer" includes an assignment, conveyance, deed, bill
11 of sale, lease, mortgage, security interest, encumbrance, gift, and
12 transfer by operation of law.

13 (31) "Voting group" means any combination of one or more voting
14 members in one or more districts or classes that under the organic
15 rules or the Uniform Limited Cooperative Association Act are
16 entitled to vote and can be counted together collectively on a
17 matter at a members meeting.

18 (32) "Voting member" means a member that, under the organic law
19 or organic rules, has a right to vote on matters subject to vote by
20 members under the organic law or organic rules.

21 (33) "Voting power" means the total current power of members to
22 vote on a particular matter for which a vote may or is to be taken.

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1 SECTION 3. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 440-103 of Title 18, unless
3 there is created a duplication in numbering, reads as follows:

4 LIMITED COOPERATIVE ASSOCIATION SUBJECT TO AMENDMENT OR REPEAL
5 OF THE UNIFORM LIMITED COOPERATIVE ASSOCIATION ACT. A limited
6 cooperative association governed by the Uniform Limited Cooperative
7 Association Act is subject to any amendment or repeal of the Uniform
8 Limited Cooperative Association Act.

9 SECTION 4. NEW LAW A new section of law to be codified
10 in the Oklahoma Statutes as Section 440-104 of Title 18, unless
11 there is created a duplication in numbering, reads as follows:

12 NATURE OF LIMITED COOPERATIVE ASSOCIATION.

13 (a) A limited cooperative association organized under the
14 Uniform Limited Cooperative Association Act is an autonomous,
15 unincorporated association of persons united to meet their mutual
16 interests through a jointly owned enterprise primarily controlled by
17 those persons, which permits combining:

18 (1) Ownership, financing, and receipt of benefits by the
19 members for whose interests the association is formed; and

20 (2) Separate investments in the association by members who may
21 receive returns on their investments and a share of control.

22 (b) The fact that a limited cooperative association does not
23 have one or more of the characteristics described in subsection (a)
24 of this section does not alone prevent the association from being

1 formed under and governed by the Uniform Limited Cooperative
2 Association Act nor does it alone provide a basis for an action
3 against the association.

4 SECTION 5. NEW LAW A new section of law to be codified
5 in the Oklahoma Statutes as Section 440-105 of Title 18, unless
6 there is created a duplication in numbering, reads as follows:

7 PURPOSE AND DURATION OF LIMITED COOPERATIVE ASSOCIATION.

8 (a) A limited cooperative association is an entity distinct
9 from its members.

10 (b) A limited cooperative association may be organized for any
11 lawful purpose, whether or not for profit except for supplying
12 electric energy or natural gas in rural areas. A cooperative
13 organized for the purpose of supplying electric energy and promoting
14 and extending the use thereof in rural areas must be organized under
15 the Rural Electric Cooperative Act.

16 (c) Unless the articles of organization state a term for a
17 limited cooperative association's existence, the association has
18 perpetual duration.

19 SECTION 6. NEW LAW A new section of law to be codified
20 in the Oklahoma Statutes as Section 440-106 of Title 18, unless
21 there is created a duplication in numbering, reads as follows:

22 POWERS. A limited cooperative association may sue and be sued
23 in its own name and do all things necessary or convenient to carry
24 on its activities. An association may maintain an action against a

1 member for harm caused to the association by the member's violation
2 of a duty to the association or of the organic law or organic rules.

3 SECTION 7. NEW LAW A new section of law to be codified
4 in the Oklahoma Statutes as Section 440-107 of Title 18, unless
5 there is created a duplication in numbering, reads as follows:

6 GOVERNING LAW. The law of this state governs:

7 (1) The internal affairs of a limited cooperative association;
8 and

9 (2) The liability of a member as member and a director as
10 director for the debts, obligations, or other liabilities of a
11 limited cooperative association.

12 SECTION 8. NEW LAW A new section of law to be codified
13 in the Oklahoma Statutes as Section 440-108 of Title 18, unless
14 there is created a duplication in numbering, reads as follows:

15 SUPPLEMENTAL PRINCIPLES OF LAW. Unless displaced by particular
16 provisions of the Uniform Limited Cooperative Association Act, the
17 principles of law and equity supplement the Uniform Limited
18 Cooperative Association Act.

19 SECTION 9. NEW LAW A new section of law to be codified
20 in the Oklahoma Statutes as Section 440-109 of Title 18, unless
21 there is created a duplication in numbering, reads as follows:

22 REQUIREMENTS OF OTHER LAWS.

23 (a) The Uniform Limited Cooperative Association Act does not
24 alter or amend any law that governs the licensing and regulation of

1 an individual or entity in carrying on a specific business or
2 profession even if that law permits the business or profession to be
3 conducted by a limited cooperative association, a foreign
4 cooperative, or its members.

5 (b) A limited cooperative association may not conduct an
6 activity that, under law of this state other than the Uniform
7 Limited Cooperative Association Act, may be conducted only by an
8 entity that meets specific requirements for the internal affairs of
9 that entity unless the organic rules of the association conform to
10 those requirements.

11 SECTION 10. NEW LAW A new section of law to be codified
12 in the Oklahoma Statutes as Section 440-110 of Title 18, unless
13 there is created a duplication in numbering, reads as follows:

14 RELATION TO RESTRAINT OF TRADE AND ANTITRUST LAWS. To the
15 extent a limited cooperative association or activities conducted by
16 the association in this state meet the material requirements for
17 other cooperatives entitled to an exemption from or immunity under
18 any provision of Title 79 of the Oklahoma Statutes, the association
19 and its activities are entitled to the exemption or immunity. This
20 section does not create any new exemption or immunity for an
21 association or affect any exemption or immunity provided to a
22 cooperative organized under any other law.

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1 SECTION 11. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 440-111 of Title 18, unless
3 there is created a duplication in numbering, reads as follows:

4 NAME.

5 (a) Use of the term "cooperative" or its abbreviation under the
6 Uniform Limited Cooperative Association Act is not a violation of
7 the provisions restricting the use of the term under Section 435 of
8 Title 18 of the Oklahoma Statutes.

9 (b) The name of a limited cooperative association must contain
10 the words "limited cooperative association" or "limited cooperative"
11 or the abbreviation "L.C.A." or "LCA". "Limited" may be abbreviated
12 as "Ltd.". "Cooperative" may be abbreviated as "Co-op" or "Coop".
13 "Association" may be abbreviated as "Assoc." or "Assn." A limited
14 cooperative association or a member may enforce the restrictions on
15 the use of the term "cooperative" under the Uniform Limited
16 Cooperative Association Act and Section 435 of Title 18 of the
17 Oklahoma Statutes.

18 (c) Except as otherwise provided in subsection (d) of this
19 section, a limited cooperative association may use only a name that
20 is available. A name is available if it is distinguishable in the
21 records of the Secretary of State from:

22 (1) The name of any entity organized or authorized to transact
23 business in this state;

24 (2) A name reserved under Section 12 of this act; and

1 (3) An alternative name approved for a foreign cooperative
2 authorized to transact business in this state.

3 (d) A limited cooperative association may apply to the
4 Secretary of State for authorization to use a name that is not
5 available. The Secretary of State shall authorize use of the name
6 if:

7 (1) The person with ownership rights to use the name consents
8 in a record to the use and applies in a form satisfactory to the
9 Secretary of State to change the name used or reserved to a name
10 that is distinguishable upon the records of the Secretary of State
11 from the name applied for; or

12 (2) The applicant delivers to the Secretary of State a
13 certified copy of the final judgment of a court establishing the
14 applicant's right to use the name in this state.

15 SECTION 12. NEW LAW A new section of law to be codified
16 in the Oklahoma Statutes as Section 440-112 of Title 18, unless
17 there is created a duplication in numbering, reads as follows:

18 RESERVATION OF NAME.

19 (a) A person may reserve the exclusive use of the name of a
20 limited cooperative association, including a fictitious name for a
21 foreign cooperative whose name is not available under Section 11 of
22 this act, by delivering an application to the Secretary of State for
23 filing. The application must set forth the name and address of the
24 applicant and the name proposed to be reserved. If the Secretary of

1 State finds that the name applied for is available under Section 11
2 of this act, the Secretary of State shall reserve the name for the
3 applicant's exclusive use for a nonrenewable period of one hundred
4 twenty (120) days.

5 (b) A person that has reserved a name for a limited cooperative
6 association may transfer the reservation to another person by
7 delivering to the Secretary of State a signed notice of the transfer
8 which states the name, street address, and, if different, the
9 mailing address of the transferee. If the person is an organizer of
10 the association and the name of the association is the same as the
11 reserved name, the delivery of articles of organization for filing
12 by the Secretary of State is a transfer by the person to the
13 association.

14 SECTION 13. NEW LAW A new section of law to be codified
15 in the Oklahoma Statutes as Section 440-113 of Title 18, unless
16 there is created a duplication in numbering, reads as follows:

17 EFFECT OF ORGANIC RULES.

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

1 (b) The matters referred to in paragraphs (1) through (11) of
2 this subsection may be varied only in the articles of organization.

3 The articles may:

4 (1) State a term of existence for the association under
5 subsection (c) of Section 5 of this act;

6 (2) Limit or eliminate the acceptance of new or additional
7 members by the initial board of directors under subsection (b) of
8 Section 31 of this act;

9 (3) Vary the limitations on the obligations and liability of
10 members for association obligations under Section 43 of this act;

11 (4) Require a notice of an annual members meeting to state a
12 purpose of the meeting under subsection (b) of Section 47 of this
13 act;

14 (5) Vary the board of directors meeting quorum under subsection
15 (a) of Section 80 of this act;

16 (6) Vary the matters the board of directors may consider in
17 making a decision under Section 85 of this act;

18 (7) Specify causes of dissolution under paragraph (1) of
19 Section 103 of this act;

20 (8) Delegate amendment of the bylaws to the board of directors
21 pursuant to subsection (f) of Section 37 of this act;

22 (9) Provide for member approval of asset dispositions under
23 Section 130 of this act;

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1 (10) Subject to Section 85 of this act, provide for the
2 elimination or limitation of liability of a director to the
3 association or its members for money damages pursuant to Section 83
4 of this act;

5 (11) Provide for permitting or making obligatory
6 indemnification under subsection (a) of Section 89 of this act; and

7 (12) Provide for any matters that may be contained in the
8 organic rules, including those under subsection (c) of this section.

9 (c) The matters referred to in paragraphs (1) through (25) of
10 this subsection may be varied only in the organic rules. The
11 organic rules may:

12 (1) Require more information to be maintained under Section 14
13 or provided to members under subsection (k) of Section 44 of this
14 act;

15 (2) Provide restrictions on transactions between a member and
16 an association under Section 15 of this act;

17 (3) Provide for the percentage and manner of voting on
18 amendments to the organic rules by district, class, or voting group
19 under subsection (a) of Section 36 of this act;

20 (4) Provide for the percentage vote required to amend the
21 bylaws concerning the admission of new members under paragraph (5)
22 of subsection (e) of Section 37 of this act;

23 (5) Provide for terms and conditions to become a member under
24 Section 41 of this act;

1 (6) Restrict the manner of conducting members meetings under
2 subsection (c) of Section 45 of this act and subsection (e) of
3 Section 46 of this act;

4 (7) Designate the presiding officer of members meetings under
5 subsection (e) of Section 45 of this act and subsection (g) of
6 Section 46 of this act;

7 (8) Require a statement of purposes in the annual meeting
8 notice under subsection (b) of Section 47 of this act;

9 (9) Increase quorum requirements for members meetings under
10 Section 49 of this act and board of directors meetings under Section
11 80 of this act;

12 (10) Allocate voting power among members, including patron
13 members and investor members, and provide for the manner of member
14 voting and action as permitted by Sections 50 through 56 of this
15 act;

16 (11) Authorize investor members and expand or restrict the
17 transferability of members' interests to the extent provided in
18 Sections 58 through 60 of this act;

19 (12) Provide for enforcement of a marketing contract under
20 subsection (a) of Section 65 of this act;

21 (13) Provide for qualification, election, terms, removal,
22 filling vacancies, and member approval for compensation of directors
23 in accordance with Sections 68 through 70, 72, 74, and 75 of this
24 act;

1 (14) Restrict the manner of conducting board meetings and
2 taking action without a meeting under Sections 76 and 77 of this
3 act;

4 (15) Provide for frequency, location, notice and waivers of
5 notice for board meetings under Sections 78 and 79 of this act;

6 (16) Increase the percentage of votes necessary for board
7 action under subsection (b) of Section 81 of this act;

8 (17) Provide for the creation of committees of the board of
9 directors and matters related to the committees in accordance with
10 Section 82 of this act;

11 (18) Provide for officers and their appointment, designation,
12 and authority under Section 87 of this act;

13 (19) Provide for forms and values of contributions under
14 Section 91 of this act;

15 (20) Provide for remedies for failure to make a contribution
16 under subsection (b) of Section 92 of this act;

17 (21) Provide for the allocation of profits and losses of the
18 association, distributions, and the redemption or repurchase of
19 distributed property other than money in accordance with Sections 93
20 through 96 of this act;

21 (22) Specify when a member's dissociation is wrongful and the
22 liability incurred by the dissociating member for damage to the
23 association under subsections (b) and (c) of Section 99 of this act;

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1 (23) Provide the personal representative, or other legal
2 representative, of a deceased member or a member adjudged
3 incompetent with additional rights under Section 101 of this act;

4 (24) Increase the percentage of votes required for board of
5 director approval of:

6 (A) a resolution to dissolve under paragraph (1) of
7 subsection (a) of Section 106 of this act;

8 (B) a proposed amendment to the organic rules under
9 paragraph (1) of subsection (a) of Section 34 of this
10 act;

11 (C) a plan of conversion under subsection (a) of Section
12 136 of this act;

13 (D) a plan of merger under subsection (a) of Section 140
14 of this act; and

15 (E) a proposed disposition of assets under paragraph (1)
16 of Section 132 of this act; and

17 (25) Vary the percentage of votes required for members approval
18 of:

19 (A) a resolution to dissolve under Section 106 of this
20 act;

21 (B) an amendment to the organic rules under Section 37 of
22 this act;

23 (C) a plan of conversion under Section 136 of this act;

24 (D) a plan of merger under Section 141 of this act; and

1 (E) a disposition of assets under Section 133 of this act.

2 (d) The organic rules must address members' contributions
3 pursuant to Section 90 of this act.

4 SECTION 14. NEW LAW A new section of law to be codified
5 in the Oklahoma Statutes as Section 440-114 of Title 18, unless
6 there is created a duplication in numbering, reads as follows:

7 REQUIRED INFORMATION.

8 (a) Subject to subsection (b) of this section, a limited
9 cooperative association shall maintain in a record available at its
10 principal office:

11 (1) A list containing the name, last-known street address and,
12 if different, mailing address, and term of office of each director
13 and officer;

14 (2) The initial articles of organization and all amendments to
15 and restatements of the articles, together with a signed copy of any
16 power of attorney under which any article, amendment, or restatement
17 has been signed;

18 (3) The initial bylaws and all amendments to and restatements
19 of the bylaws;

20 (4) All filed articles of merger and statements of conversion;

21 (5) All financial statements of the association for the six (6)
22 most recent years;

23 (6) The six most recent annual reports delivered by the
24 association to the Secretary of State;

- 1 (7) The minutes of members meetings for the six (6) most recent
2 years;
- 3 (8) Evidence of all actions taken by members without a meeting
4 for the six (6) most recent years;
- 5 (9) A list containing:
- 6 (A) the name, in alphabetical order, and last-known street
7 address and, if different, mailing address of each
8 patron member and each investor member; and
- 9 (B) if the association has districts or classes of
10 members, information from which each current member in
11 a district or class may be identified;
- 12 (10) The federal income tax returns, any state and local income
13 tax returns, and any tax reports of the association for the six (6)
14 most recent years;
- 15 (11) Accounting records maintained by the association in the
16 ordinary course of its operations for the six (6) most recent years;
- 17 (12) The minutes of directors meetings for the six (6) most
18 recent years;
- 19 (13) Evidence of all actions taken by directors without a
20 meeting for the six (6) most recent years;
- 21 (14) The amount of money contributed and agreed to be
22 contributed by each member;
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1 (15) A description and statement of the agreed value of
2 contributions other than money made and agreed to be made by each
3 member;

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

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

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

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

16 (c) The organic rules may require that more information be
17 maintained.

18 SECTION 15. NEW LAW A new section of law to be codified
19 in the Oklahoma Statutes as Section 440-115 of Title 18, unless
20 there is created a duplication in numbering, reads as follows:

21 BUSINESS TRANSACTIONS OF MEMBER WITH LIMITED COOPERATIVE
22 ASSOCIATION. Subject to Sections 83 and 84 of this act and except
23 as otherwise provided in the organic rules or a specific contract
24 relating to a transaction, a member may lend money to and transact

1 other business with a limited cooperative association in the same
2 manner as a person that is not a member.

3 SECTION 16. NEW LAW A new section of law to be codified
4 in the Oklahoma Statutes as Section 440-116 of Title 18, unless
5 there is created a duplication in numbering, reads as follows:

6 DUAL CAPACITY. A person may have a patron member's interest and
7 an investor member's interest. When such person acts as a patron
8 member, the person is subject to the Uniform Limited Cooperative
9 Association Act and the organic rules governing patron members.
10 When such person acts as an investor member, the person is subject
11 to the Uniform Limited Cooperative Association Act and the organic
12 rules governing investor members.

13 SECTION 17. NEW LAW A new section of law to be codified
14 in the Oklahoma Statutes as Section 440-117 of Title 18, unless
15 there is created a duplication in numbering, reads as follows:

16 DESIGNATED OFFICE AND AGENT FOR SERVICE OF PROCESS.

17 (a) A limited cooperative association, or a foreign cooperative
18 that has a certificate of authority under Section 125 of this act,
19 shall designate and continuously maintain in this state:

20 (1) An office, as its designated office, which need not be a
21 place of the association's or foreign cooperative's activity in this
22 state; and

23 (2) An agent for service of process at the designated office.
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1 (b) An agent for service of process of a limited cooperative
2 association or foreign cooperative must be an individual who is a
3 resident of this state or an entity that is authorized to do
4 business in this state.

5 SECTION 18. NEW LAW A new section of law to be codified
6 in the Oklahoma Statutes as Section 440-118 of Title 18, unless
7 there is created a duplication in numbering, reads as follows:

8 CHANGE OF DESIGNATED OFFICE OR AGENT FOR SERVICE OF PROCESS.

9 (a) Except as otherwise provided in subsection (e) of Section
10 27 of this act, to change its designated office, its agent for
11 service of process, or the street address or, if different, mailing
12 address of its principal office, a limited cooperative association
13 must deliver to the Secretary of State for filing a statement of
14 change containing:

15 (1) The name of the limited cooperative association;

16 (2) The street address and, if different, mailing address of
17 its designated office;

18 (3) If the designated office is to be changed, the street
19 address and, if different, mailing address of the new designated
20 office;

21 (4) The name of its agent for service of process; and

22 (5) If the agent for service of process is to be changed, the
23 name of the new agent.

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1 (b) Except as otherwise provided in subsection (e) of Section
2 27 of this act, to change its agent for service of process, the
3 address of its designated office, or the street address or, if
4 different, mailing address of its principal office, a foreign
5 cooperative shall deliver to the Secretary of State for filing a
6 statement of change containing:

7 (1) The name of the foreign cooperative;

8 (2) The name, street address and, if different, mailing address
9 of its designated office;

10 (3) If the current agent for service of process or an address
11 of the designated office is to be changed, the new information;

12 (4) The street address and, if different, mailing address of
13 its principal office; and

14 (5) If the street address or, if different, the mailing address
15 of its principal office is to be changed, the street address and, if
16 different, the mailing address of the new principal office.

17 (c) Except as otherwise provided in Section 24 of this act, a
18 statement of change is effective when filed by the Secretary of
19 State.

20 SECTION 19. NEW LAW A new section of law to be codified
21 in the Oklahoma Statutes as Section 440-119 of Title 18, unless
22 there is created a duplication in numbering, reads as follows:

23 RESIGNATION OF AGENT FOR SERVICE OF PROCESS.
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1 (a) To resign as an agent for service of process of a limited
2 cooperative association or foreign cooperative, the agent must
3 deliver to the Secretary of State for filing a statement of
4 resignation containing the name of the agent and the name of the
5 association or foreign cooperative.

6 (b) After receiving a statement of resignation under subsection
7 (a) of this section, the Secretary of State shall file it and mail
8 or otherwise provide or deliver a copy to the limited cooperative
9 association or foreign cooperative at its principal office.

10 (c) An agency for service of process of a limited cooperative
11 association or foreign cooperative terminates on the earlier of:

12 (1) The thirty-first day after the Secretary of State files a
13 statement of resignation under subsection (b) of this section; or

14 (2) When a record designating a new agent for service of
15 process is delivered to the Secretary of State for filing on behalf
16 of the association or foreign cooperative and becomes effective.

17 SECTION 20. NEW LAW A new section of law to be codified
18 in the Oklahoma Statutes as Section 440-120 of Title 18, unless
19 there is created a duplication in numbering, reads as follows

20 SERVICE OF PROCESS.

21 (a) An agent for service of process appointed by a limited
22 cooperative association or foreign cooperative is an agent of the
23 association or foreign cooperative for service of process, notice,
24

1 or a demand required or permitted by law to be served upon the
2 association or foreign cooperative.

3 (b) If a limited cooperative association or foreign cooperative
4 does not appoint or maintain an agent for service of process in this
5 state or the agent for service of process cannot with reasonable
6 diligence be found at the address of the designated office on file
7 with the Secretary of State, the Secretary of State is an agent of
8 the association or foreign cooperative upon which process, notice,
9 or a demand may be served.

10 (c) Service of process, notice, or a demand on the Secretary of
11 State as agent of a limited cooperative association or foreign
12 cooperative may be made by delivering to the Secretary of State two
13 copies of the process, notice, or demand. The Secretary of State
14 shall forward one copy by registered or certified mail, return
15 receipt requested, to the association or foreign cooperative at its
16 principal office.

17 (d) Service is effected under subsection (c) of this section on
18 the earliest of:

19 (1) The date the limited cooperative association or foreign
20 cooperative receives the process, notice, or demand;

21 (2) The date shown on the return receipt, if signed on behalf
22 of the association or foreign cooperative; or

23 (3) Five (5) days after the process, notice, or demand is
24 deposited by the Secretary of State for delivery by the United

1 States Postal Service, if postage is prepaid to the address of the
2 principal office on file with the Secretary of State.

3 (e) The Secretary of State shall keep a record of each process,
4 notice, and demand served pursuant to this section and record the
5 time of, and the action taken regarding, the service.

6 (f) This section does not affect the right to serve process,
7 notice, or a demand in any other manner provided by law.

8 ARTICLE 2

9 FILING AND ANNUAL REPORTS

10 SECTION 21. NEW LAW A new section of law to be codified
11 in the Oklahoma Statutes as Section 440-201 of Title 18, unless
12 there is created a duplication in numbering, reads as follows:

13 SIGNING OF RECORDS DELIVERED FOR FILING TO SECRETARY OF STATE.

14 (a) A record delivered to the Secretary of State for filing
15 pursuant to the Uniform Limited Cooperative Association Act must be
16 signed as follows:

17 (1) The initial articles of organization must be signed by at
18 least one organizer.

19 (2) A statement of cancellation under subsection (d) of Section
20 30 of this act must be signed by at least one organizer.

21 (3) Except as otherwise provided in paragraph (4) of this
22 subsection, a record signed on behalf of an existing limited
23 cooperative association must be signed by an officer.

24

1 (4) A record filed on behalf of a dissolved association must be
2 signed by a person winding up activities under Section 107 of this
3 act or a person appointed under Section 107 of this act to wind up
4 those activities.

5 (5) Any other record must be signed by the person on whose
6 behalf the record is delivered to the Secretary of State.

7 (b) Any record to be signed under the Uniform Limited
8 Cooperative Association Act may be signed by an authorized agent.

9 SECTION 22. NEW LAW A new section of law to be codified
10 in the Oklahoma Statutes as Section 440-202 of Title 18, unless
11 there is created a duplication in numbering, reads as follows:

12 SIGNING AND FILING OF RECORDS PURSUANT TO JUDICIAL ORDER.

13 (a) If a person required by the Uniform Limited Cooperative
14 Association Act to sign or deliver a record to the Secretary of
15 State for filing does not do so, the district court of the county
16 where the association's principal office is located, or if the
17 association does not have a principal office in this state, where
18 its designated office in this state is located, upon petition of an
19 aggrieved person, may order:

20 (1) The person to sign the record and deliver it to the
21 Secretary of State for filing; or

22 (2) Delivery of the unsigned record to the Secretary of State
23 for filing.

24

1 (b) An aggrieved person under subsection (a) of this section,
2 other than the limited cooperative association or foreign
3 cooperative to which the record pertains, shall make the association
4 or foreign cooperative a party to the action brought to obtain the
5 order.

6 (c) An unsigned record filed pursuant to this section is
7 effective.

8 SECTION 23. NEW LAW A new section of law to be codified
9 in the Oklahoma Statutes as Section 440-203 of Title 18, unless
10 there is created a duplication in numbering, reads as follows:

11 DELIVERY TO AND FILING OF RECORDS BY SECRETARY OF STATE;
12 EFFECTIVE TIME AND DATE.

13 (a) A record authorized or required by the Uniform Limited
14 Cooperative Association Act to be delivered to the Secretary of
15 State for filing must be captioned to describe the record's purpose,
16 be in a medium and format permitted by the Secretary of State, and
17 be delivered to the Secretary of State. If the filing fees have
18 been paid, and unless the Secretary of State determines that the
19 record does not comply with the filing requirements of the Uniform
20 Limited Cooperative Association Act, the Secretary of State shall
21 file the record and send a copy of the filed record and a receipt
22 for the fees to the person on whose behalf the record was filed.

23 (b) The Secretary of State, upon request and payment of the
24 required fee, shall furnish a certified copy of any record filed by

1 the Secretary of State under the Uniform Limited Cooperative
2 Association Act to the person making the request.

3 (c) Except as otherwise provided in Sections 18 and 24 of this
4 act, a record delivered to the Secretary of State for filing under
5 the Uniform Limited Cooperative Association Act may specify an
6 effective time and a delayed effective date that may include an
7 effective time on that date. Except as otherwise provided in
8 Sections 18 and 24 of this act, a record filed by the Secretary of
9 State under the Uniform Limited Cooperative Association Act is
10 effective:

11 (1) If the record does not specify an effective time and does
12 not specify a delayed effective date, on the date and at the time
13 the record is filed as evidenced by the Secretary of State's
14 endorsement of the date and time on the record;

15 (2) If the record specifies an effective time but not a delayed
16 effective date, on the date the record is filed at the time
17 specified in the record;

18 (3) If the record specifies a delayed effective date but not an
19 effective time, at 12:01 a.m. on the earlier of:

20 (A) the specified date; or

21 (B) the ninetieth day after the record is filed; or

22 (4) If the record specifies an effective time and a delayed
23 effective date, at the specified time on the earlier of:

24 (A) the specified date; or

1 (B) the ninetieth day after the record is filed.

2 SECTION 24. NEW LAW A new section of law to be codified
3 in the Oklahoma Statutes as Section 440-204 of Title 18, unless
4 there is created a duplication in numbering, reads as follows:

5 CORRECTING FILED RECORD.

6 (a) A limited cooperative association or foreign cooperative
7 may deliver to the Secretary of State for filing a statement of
8 correction to correct a record previously delivered by the
9 association or foreign cooperative to the Secretary of State and
10 filed by the Secretary of State if, at the time of filing, the
11 record contained inaccurate information or was defectively signed.

12 (b) A statement of correction may not state a delayed effective
13 date and must:

14 (1) Describe the record to be corrected, including its filing
15 date, or have attached a copy of the record as filed;

16 (2) Specify the inaccurate information and the reason it is
17 inaccurate or the manner in which the signing was defective; and

18 (3) Correct the inaccurate information or defective signature.

19 (c) When filed by the Secretary of State, a statement of
20 correction is effective:

21 (1) When filed as to persons relying on the inaccurate
22 information or defective signature before its correction and
23 adversely affected by the correction; and

24

1 (2) As to all other persons, retroactively as of the effective
2 date and time of the record the statement corrects.

3 SECTION 25. NEW LAW A new section of law to be codified
4 in the Oklahoma Statutes as Section 440-205 of Title 18, unless
5 there is created a duplication in numbering, reads as follows:

6 LIABILITY FOR INACCURATE INFORMATION IN FILED RECORD. If a
7 record delivered to the Secretary of State for filing under the
8 Uniform Limited Cooperative Association Act and filed by the
9 Secretary of State contains inaccurate information, a person that
10 suffers a loss by reliance on the information may recover damages
11 for the loss from a person that signed the record or caused another
12 to sign it on the person's behalf and knew at the time the record
13 was signed that the information was inaccurate.

14 SECTION 26. NEW LAW A new section of law to be codified
15 in the Oklahoma Statutes as Section 440-206 of Title 18, unless
16 there is created a duplication in numbering, reads as follows:

17 CERTIFICATE OF GOOD STANDING OR AUTHORIZATION.

18 (a) The Secretary of State, upon request and payment of the
19 required fee, shall furnish any person that requests it a
20 certificate of good standing for a limited cooperative association
21 if the records filed in the Office of the Secretary of State show
22 that the Secretary of State has filed the association's articles of
23 organization, that the association is in good standing, and that the
24 Secretary of State has not filed a statement of termination.

1 (b) The Secretary of State, upon request and payment of the
2 required fee, shall furnish to any person that requests it a
3 certificate of authority for a foreign cooperative if the records
4 filed in the Office of the Secretary of State show that the
5 Secretary of State has filed the foreign cooperative's certificate
6 of authority, has not revoked nor has reason to revoke the
7 certificate of authority, and has not filed a notice of
8 cancellation.

9 (c) Subject to any exceptions stated in the certificate, a
10 certificate of good standing or authority issued by the Secretary of
11 State establishes conclusively that the limited cooperative
12 association or foreign cooperative is in good standing or is
13 authorized to transact business in this state.

14 SECTION 27. NEW LAW A new section of law to be codified
15 in the Oklahoma Statutes as Section 440-207 of Title 18, unless
16 there is created a duplication in numbering, reads as follows:

17 ANNUAL REPORT FOR SECRETARY OF STATE.

18 (a) A limited cooperative association or foreign cooperative
19 authorized to transact business in this state shall deliver to the
20 Secretary of State for filing an annual report that states:

21 (1) The name of the association or foreign cooperative;

22 (2) The street address and, if different, mailing address of
23 the association's or foreign cooperative's designated office and the
24 name of its agent for service of process at the designated office;

1 (3) The street address and, if different, mailing address of
2 the association's or foreign cooperative's principal office; and

3 (4) In the case of a foreign cooperative, the state or other
4 jurisdiction under whose law the foreign cooperative is formed and
5 any alternative name adopted under Section 126 of this act.

6 (b) Information in an annual report must be current as of the
7 date the report is delivered to the Secretary of State.

8 (c) The first annual report must be delivered to the Secretary
9 of State between January 1 and April 1 of the year following the
10 calendar year in which the limited cooperative association is formed
11 or the foreign cooperative is authorized to transact business in
12 this state. An annual report must be delivered to the Secretary of
13 State between January 1 and April 1 of each subsequent calendar
14 year.

15 (d) If an annual report does not contain the information
16 required by subsection (a) of this section, the Secretary of State
17 shall promptly notify the reporting limited cooperative association
18 or foreign cooperative and return the report for correction. If the
19 report is corrected to contain the information required by
20 subsection (a) of this section and delivered to the Secretary of
21 State not later than thirty (30) days after the date of the notice
22 from the Secretary of State, it is timely delivered.

23 (e) If a filed annual report contains an address of the
24 designated office, name of the agent for service of process, or

1 address of the principal office which differs from the information
2 shown in the records of the Secretary of State immediately before
3 the filing, the differing information in the annual report is
4 considered a statement of change.

5 (f) If a limited cooperative association fails to deliver an
6 annual report under this section, the Secretary of State may proceed
7 under Section 112 of this act to dissolve the association
8 administratively.

9 (g) If a foreign cooperative fails to deliver an annual report
10 under this section, the Secretary of State may revoke the
11 certificate of authority of the cooperative.

12 SECTION 28. NEW LAW A new section of law to be codified
13 in the Oklahoma Statutes as Section 440-208 of Title 18, unless
14 there is created a duplication in numbering, reads as follows:

15 FILING FEES. The filing fees for records filed under the
16 Uniform Limited Cooperative Association Act by the Secretary of
17 State shall be:

18 1. For filing articles of organization, One Hundred Dollars
19 (\$100.00);

20 2. For filing an amendment to articles of organization or
21 restated articles of organization, Fifty Dollars (\$50.00);

22 3. For filing articles of merger or conversion, One Hundred
23 Dollars (\$100.00);

24

1 4. For filing a statement of change of a designated office,
2 agent for service of process, address of an agent for service of
3 process, or a statement of resignation of registered agent, Twenty-
4 five Dollars (\$25.00);

5 5. For filing a name reservation or notice of transfer, Ten
6 Dollars (\$10.00);

7 6. For filing an annual report, Fifty Dollars (\$50.00);

8 7. For issuing a certificate of good standing, Twenty Dollars
9 (\$20.00);

10 8. For acting as registered agent, One Hundred Dollars
11 (\$100.00); and

12 9. For filing any other certificate, statement, notice or other
13 document for which a fee is not otherwise specified under the
14 Uniform Limited Cooperative Association Act, Fifty Dollars (\$50.00).

15 ARTICLE 3

16 FORMATION AND INITIAL ARTICLES OF ORGANIZATION OF LIMITED
17 COOPERATIVE ASSOCIATION

18 SECTION 29. NEW LAW A new section of law to be codified
19 in the Oklahoma Statutes as Section 440-301 of Title 18, unless
20 there is created a duplication in numbering, reads as follows:

21 ORGANIZERS. A limited cooperative association must be organized
22 by one or more organizers.
23
24

1 SECTION 30. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 440-302 of Title 18, unless
3 there is created a duplication in numbering, reads as follows:

4 FORMATION OF LIMITED COOPERATIVE ASSOCIATION; ARTICLES OF
5 ORGANIZATION.

6 (a) To form a limited cooperative association, an organizer of
7 the association must deliver articles of organization to the
8 Secretary of State for filing. The articles must state:

9 (1) The name of the association;

10 (2) The purposes for which the association is formed;

11 (3) The street address and, if different, mailing address of
12 the association's initial designated office and the name of the
13 association's initial agent for service of process at the designated
14 office;

15 (4) The street address and, if different, mailing address of
16 the initial principal office;

17 (5) The name and street address and, if different, mailing
18 address of each organizer; and

19 (6) The term for which the association is to exist if other
20 than perpetual.

21 (b) Subject to subsection (a) of Section 13 of this act,
22 articles of organization may contain any other provisions in
23 addition to those required by subsection (a) of this section.

24

1 (c) A limited cooperative association is formed after articles
2 of organization that substantially comply with subsection (a) of
3 this section are delivered to the Secretary of State, are filed, and
4 become effective under subsection (c) of Section 23 of this act.

5 (d) If articles of organization filed by the Secretary of State
6 state a delayed effective date, a limited cooperative association is
7 not formed if, before the articles take effect, an organizer signs
8 and delivers to the Secretary of State for filing a statement of
9 cancellation.

10 SECTION 31. NEW LAW A new section of law to be codified
11 in the Oklahoma Statutes as Section 440-303 of Title 18, unless
12 there is created a duplication in numbering, reads as follows:

13 ORGANIZATION OF LIMITED COOPERATIVE ASSOCIATION.

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

15 (1) If initial directors are named in the articles of
16 organization, the initial directors shall hold an organizational
17 meeting to adopt initial bylaws and carry on any other business
18 necessary or proper to complete the organization of the association;
19 or

20 (2) If initial directors are not named in the articles of
21 organization, the organizers shall designate the initial directors
22 and call a meeting of the initial directors to adopt initial bylaws
23 and carry on any other business necessary or proper to complete the
24 organization of the association.

1 (b) Unless the articles of organization otherwise provide, the
2 initial directors may cause the limited cooperative association to
3 accept members, including those necessary for the association to
4 begin business.

5 (c) Initial directors need not be members.

6 (d) An initial director serves until a successor is elected and
7 qualified at a members' meeting or the director is removed, resigns,
8 is adjudged incompetent, or dies.

9 SECTION 32. NEW LAW A new section of law to be codified
10 in the Oklahoma Statutes as Section 440-304 of Title 18, unless
11 there is created a duplication in numbering, reads as follows:

12 BYLAWS.

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

15 (1) A statement of the capital structure of the limited
16 cooperative association, including:

17 (A) the classes or other types of members' interests and
18 relative rights, preferences, and restrictions granted
19 to or imposed upon each class or other type of
20 member's interest; and

21 (B) the rights to share in profits or distributions of the
22 association;

23 (2) A statement of the method for admission of members;

24

1 (3) A statement designating voting and other governance rights,
2 including which members have voting power and any restriction on
3 voting power;

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

7 (5) A statement concerning the manner in which profits and
8 losses are allocated and distributions are made among patron members
9 and, if investor members are authorized, the manner in which profits
10 and losses are allocated and how distributions are made among
11 investor members and between patron members and investor members;

12 (6) A statement concerning:

13 (A) whether persons that are not members but conduct
14 business with the association may be permitted to
15 share in allocations of profits and losses and receive
16 distributions; and

17 (B) the manner in which profits and losses are allocated
18 and distributions are made with respect to those
19 persons; and

20 (7) A statement of the number and terms of directors or the
21 method by which the number and terms are determined.

22 (b) Subject to subsection (c) of Section 13 of this act and the
23 articles of organization, bylaws may contain any other provision for
24 managing and regulating the affairs of the association.

1 (c) In addition to amendments permitted under Article 4 of this
2 act, the initial board of directors may amend the bylaws by a
3 majority vote of the directors at any time before the admission of
4 members.

5 ARTICLE 4

6 AMENDMENT OF ORGANIC RULES OF LIMITED COOPERATIVE ASSOCIATION

7 SECTION 33. NEW LAW A new section of law to be codified
8 in the Oklahoma Statutes as Section 440-401 of Title 18, unless
9 there is created a duplication in numbering, reads as follows:

10 AUTHORITY TO AMEND ORGANIC RULES.

11 (a) A limited cooperative association may amend its organic
12 rules under this article for any lawful purpose. In addition, the
13 initial board of directors may amend the bylaws of an association
14 under Section 32 of this act.

15 (b) Unless the organic rules otherwise provide, a member does
16 not have a vested property right resulting from any provision in the
17 organic rules, including a provision relating to the management,
18 control, capital structure, distribution, entitlement, purpose, or
19 duration of the limited cooperative association.

20 SECTION 34. NEW LAW A new section of law to be codified
21 in the Oklahoma Statutes as Section 440-402 of Title 18, unless
22 there is created a duplication in numbering, reads as follows:

23 NOTICE AND ACTION ON AMENDMENT OF ORGANIC RULES.

24

1 (a) Except as provided in subsection (a) of Section 33 of this
2 act and subsection (f) of Section 37 of this act, the organic rules
3 of a limited cooperative association may be amended only at a
4 members meeting. An amendment may be proposed by either:

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

7 (2) One or more petitions signed by at least ten percent (10%)
8 of the patron members or at least ten percent (10%) of the investor
9 members.

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

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

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

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

1 (4) Notice of the meeting at which the proposed amendment will
2 be considered, which must be given in the same manner as notice for
3 a special meeting of members.

4 SECTION 35. NEW LAW A new section of law to be codified
5 in the Oklahoma Statutes as Section 440-403 of Title 18, unless
6 there is created a duplication in numbering, reads as follows:

7 METHOD OF VOTING ON AMENDMENT OF ORGANIC RULES.

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

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

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

18 SECTION 36. NEW LAW A new section of law to be codified
19 in the Oklahoma Statutes as Section 440-404 of Title 18, unless
20 there is created a duplication in numbering, reads as follows:

21 VOTING BY DISTRICT, CLASS, OR VOTING GROUP.

22 (a) This section applies if the organic rules provide for
23 voting by district or class, or if there is one or more identifiable
24 voting groups that a proposed amendment to the organic rules would

1 affect differently from other members with respect to matters
2 identified in paragraphs (1) through (5) of subsection (e) of
3 Section 37 of this act. Approval of the amendment requires the same
4 percentage of votes of the members of that district, class, or
5 voting group required in Sections 37 and 53 of this act.

6 (b) If a proposed amendment to the organic rules would affect
7 members in two or more districts or classes entitled to vote
8 separately under subsection (a) of this section in the same or a
9 substantially similar way, the districts or classes affected must
10 vote as a single voting group unless the organic rules otherwise
11 provide for separate voting.

12 SECTION 37. NEW LAW A new section of law to be codified
13 in the Oklahoma Statutes as Section 440-405 of Title 18, unless
14 there is created a duplication in numbering, reads as follows:

15 APPROVAL OF AMENDMENT.

16 (a) Subject to Section 36 of this act and subsections (c) and
17 (d) of this section, an amendment to the articles of organization
18 must be approved by:

19 (1) At least two-thirds (2/3) of the voting power of members
20 present at a members meeting called under Section 34 of this act;
21 and

22 (2) If the limited cooperative association has investor
23 members, at least a majority of the votes cast by patron members,
24

1 unless the organic rules require a greater percentage vote by patron
2 members.

3 (b) Subject to Section 36 of this act and subsections (c), (d),
4 (e) and (f) of this section, an amendment to the bylaws must be
5 approved by:

6 (1) At least a majority vote of the voting power of all members
7 present at a members meeting called under Section 34 of this act,
8 unless the organic rules require a greater percentage; and

9 (2) If a limited cooperative association has investor members,
10 a majority of the votes cast by patron members, unless the organic
11 rules require a larger affirmative vote by patron members.

12 (c) The organic rules may require that the percentage of votes
13 under paragraph (1) of subsection (a) of this section or paragraph
14 (1) of subsection (b) of this section be:

15 (1) A different percentage that is not less than a majority of
16 members voting at the meeting;

17 (2) Measured against the voting power of all members; or

18 (3) A combination of paragraphs (1) and (2) of this subsection.

19 (d) Consent in a record by a member must be delivered to a
20 limited cooperative association before delivery of an amendment to
21 the articles of organization or restated articles of organization
22 for filing pursuant to Section 39 of this act, if as a result of the
23 amendment the member will have:

24 (1) Personal liability for an obligation of the association; or

1 (2) An obligation or liability for an additional contribution.

2 (e) The vote required to amend bylaws must satisfy the
3 requirements of subsection (a) of this section if the proposed
4 amendment modifies:

5 (1) The equity capital structure of the limited cooperative
6 association, including the rights of the association's members to
7 share in profits or distributions, or the relative rights,
8 preferences, and restrictions granted to or imposed upon one or more
9 districts, classes, or voting groups of similarly situated members;

10 (2) The transferability of a member's interest;

11 (3) The manner or method of allocation of profits or losses
12 among members;

13 (4) The quorum for a meeting and the rights of voting and
14 governance; or

15 (5) Unless otherwise provided in the organic rules, the terms
16 for admission of new members.

17 (f) Except for the matters described in subsection (e) of this
18 section, the articles of organization may delegate amendment of all
19 or a part of the bylaws to the board of directors without requiring
20 member approval.

21 (g) If the articles of organization delegate amendment of
22 bylaws to the board of directors, the board shall provide a
23 description of any amendment of the bylaws made by the board to the
24 members in a record not later than thirty (30) days after the

1 amendment, but the description may be provided at the next annual
2 members meeting if the meeting is held within the thirty-day period.

3 SECTION 38. NEW LAW A new section of law to be codified
4 in the Oklahoma Statutes as Section 440-406 of Title 18, unless
5 there is created a duplication in numbering, reads as follows:

6 RESTATED ARTICLES OF ORGANIZATION. A limited cooperative
7 association, by the affirmative vote of a majority of the board of
8 directors taken at a meeting for which the purpose is stated in the
9 notice of the meeting, may adopt restated articles of organization
10 that contain the original articles as previously amended. Restated
11 articles may contain amendments if the restated articles are adopted
12 in the same manner and with the same vote as required for amendments
13 to the articles under subsection (a) of Section 37 of this act.
14 Upon filing, restated articles supersede the existing articles and
15 all amendments.

16 SECTION 39. NEW LAW A new section of law to be codified
17 in the Oklahoma Statutes as Section 440-407 of Title 18, unless
18 there is created a duplication in numbering, reads as follows:

19 AMENDMENT OR RESTATEMENT OF ARTICLES OF ORGANIZATION; FILING.

20 (a) To amend its articles of organization, a limited
21 cooperative association must deliver to the Secretary of State for
22 filing an amendment of the articles, or restated articles of
23 organization or articles of conversion or merger pursuant to Article
24

1 16 of this act, which contain one or more amendments of the articles
2 of organization, stating:

3 (1) The name of the association;

4 (2) The date of filing of the association's initial articles;

5 and

6 (3) The changes the amendment makes to the articles as most
7 recently amended or restated.

8 (b) Before the beginning of the initial meeting of the board of
9 directors, an organizer who knows that information in the filed
10 articles of organization was inaccurate when the articles were filed
11 or has become inaccurate due to changed circumstances shall
12 promptly:

13 (1) Cause the articles to be amended; or

14 (2) If appropriate, deliver an amendment to the Secretary of
15 State for filing pursuant to Section 23 of this act.

16 (c) If restated articles of organization are adopted, the
17 restated articles may be delivered to the Secretary of State for
18 filing in the same manner as an amendment.

19 (d) Upon filing, an amendment of the articles of organization
20 or other record containing an amendment of the articles which has
21 been properly adopted by the members is effective as provided in
22 subsection (c) of Section 23 of this act.

23 ARTICLE 5

24 MEMBERS

1 SECTION 40. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 440-501 of Title 18, unless
3 there is created a duplication in numbering, reads as follows:

4 MEMBERS. To begin business, a limited cooperative association
5 must have at least two patron members unless the sole member is a
6 cooperative.

7 SECTION 41. NEW LAW A new section of law to be codified
8 in the Oklahoma Statutes as Section 440-502 of Title 18, unless
9 there is created a duplication in numbering, reads as follows:

10 BECOMING A MEMBER. A person becomes a member:

11 (1) As provided in the organic rules;

12 (2) As the result of a merger or conversion under Article 16 of
13 this act; or

14 (3) With the consent of all the members.

15 SECTION 42. NEW LAW A new section of law to be codified
16 in the Oklahoma Statutes as Section 440-503 of Title 18, unless
17 there is created a duplication in numbering, reads as follows:

18 NO POWER AS MEMBER TO BIND ASSOCIATION. A member, solely by
19 reason of being a member, may not act for or bind the limited
20 cooperative association.

21 SECTION 43. NEW LAW A new section of law to be codified
22 in the Oklahoma Statutes as Section 440-504 of Title 18, unless
23 there is created a duplication in numbering, reads as follows:

24

1 NO LIABILITY AS MEMBER FOR ASSOCIATION'S OBLIGATIONS. Unless
2 the articles of organization otherwise provide, a debt, obligation,
3 or other liability of a limited cooperative association is solely
4 that of the association and is not the debt, obligation, or
5 liability of a member solely by reason of being a member.

6 SECTION 44. NEW LAW A new section of law to be codified
7 in the Oklahoma Statutes as Section 440-505 of Title 18, unless
8 there is created a duplication in numbering, reads as follows:

9 RIGHT OF MEMBER AND FORMER MEMBER TO INFORMATION.

10 (a) Not later than ten (10) business days after receipt of a
11 demand made in a record, a limited cooperative association shall
12 permit a member to obtain, inspect, and copy in the association's
13 principal office required information listed in paragraphs (1)
14 through (8) of subsection (a) of Section 14 of this act during
15 regular business hours. A member need not have any particular
16 purpose for seeking the information. The association is not
17 required to provide the same information listed in paragraphs (2)
18 through (8) of subsection (a) of Section 14 of this act to the same
19 member more than once during a six-month period.

20 (b) On demand made in a record received by the limited
21 cooperative association, a member may obtain, inspect, and copy in
22 the association's principal office required information listed in
23 paragraphs (9), (10), (12), (13), (16) and (18) of subsection (a) of
24 Section 14 of this act during regular business hours, if:

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

3 (2) The demand includes a description with reasonable
4 particularity of the information sought and the purpose for seeking
5 the information;

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

8 (4) The demand is reasonable.

9 (c) Not later than ten (10) business days after receipt of a
10 demand pursuant to subsection (b) of this section, a limited
11 cooperative association shall provide, in a record, the following
12 information to the member that made the demand:

13 (1) If the association agrees to provide the demanded
14 information:

15 (A) what information the association will provide in
16 response to the demand; and

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

19 (2) If the association declines to provide some or all of the
20 demanded information, the association's reasons for declining.

21 (d) A person dissociated as a member may obtain, inspect, and
22 copy information available to a member under subsection (a) or (b)
23 of this section by delivering a demand in a record to the limited
24 cooperative association in the same manner and subject to the same

1 conditions applicable to a member under subsection (b) of this
2 section if:

3 (1) The information pertains to the period during which the
4 person was a member in the association; and

5 (2) The person seeks the information in good faith.

6 (e) A limited cooperative association shall respond to a demand
7 made pursuant to subsection (d) of this section in the manner
8 provided in subsection (c) of this section.

9 (f) Not later than ten (10) business days after receipt by a
10 limited cooperative association of a demand made by a member in a
11 record, but not more often than once in a six-month period, the
12 association shall deliver to the member a record stating the
13 information with respect to the member required by paragraph (17) of
14 subsection (a) of Section 14 of this act.

15 (g) A limited cooperative association may impose reasonable
16 restrictions, including nondisclosure restrictions, on the use of
17 information obtained under this section. In a dispute concerning
18 the reasonableness of a restriction under this subsection, the
19 association has the burden of proving reasonableness.

20 (h) A limited cooperative association may charge a person that
21 makes a demand under this section reasonable costs of copying,
22 limited to the costs of labor and material.

23 (i) A person that may obtain information under this section may
24 obtain the information through an attorney or other agent. A

1 restriction imposed on the person under subsection (g) of this
2 section or by the organic rules applies to the attorney or other
3 agent.

4 (j) The rights stated in this section do not extend to a person
5 as transferee.

6 (k) The organic rules may require a limited cooperative
7 association to provide more information than required by this
8 section and may establish conditions and procedures for providing
9 the information.

10 SECTION 45. NEW LAW A new section of law to be codified
11 in the Oklahoma Statutes as Section 440-506 of Title 18, unless
12 there is created a duplication in numbering, reads as follows:

13 ANNUAL MEETING OF MEMBERS.

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

17 (b) An annual members meeting may be held inside or outside
18 this state at the place stated in the organic rules or selected by
19 the board of directors not inconsistent with the organic rules.

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

24

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

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

8 (f) Failure to hold an annual members meeting does not affect
9 the validity of any action by the limited cooperative association.

10 SECTION 46. NEW LAW A new section of law to be codified
11 in the Oklahoma Statutes as Section 440-507 of Title 18, unless
12 there is created a duplication in numbering, reads as follows:

13 SPECIAL MEETING OF MEMBERS.

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

15 (1) As provided in the organic rules;

16 (2) By a majority vote of the board of directors on a proposal
17 stating the purpose of the meeting;

18 (3) By demand in a record signed by members holding at least
19 twenty percent (20%) of the voting power of the persons in any
20 district or class entitled to vote on the matter that is the purpose
21 of the meeting stated in the demand; or

22 (4) By demand in a record signed by members holding at least
23 ten percent (10%) of the total voting power of all the persons
24

1 entitled to vote on the matter that is the purpose of the meeting
2 stated in the demand.

3 (b) A demand under paragraph (3) or (4) of subsection (a) of
4 this section must be submitted to the officer of the limited
5 cooperative association charged with keeping its records.

6 (c) Any voting member may withdraw its demand under paragraph
7 (3) or (4) of subsection (a) of this section before receipt by the
8 limited cooperative association of demands sufficient to require a
9 special meeting of members.

10 (d) A special meeting of members may be held inside or outside
11 this state at the place stated in the organic rules or selected by
12 the board of directors not inconsistent with the organic rules.

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

17 (f) Only business within the purpose or purposes stated in the
18 notice of a special meeting of members may be conducted at the
19 meeting.

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

23

24

1 SECTION 47. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 440-508 of Title 18, unless
3 there is created a duplication in numbering, reads as follows:

4 NOTICE OF MEMBERS MEETING.

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

8 (b) Unless the articles of organization otherwise provide,
9 notice of an annual members meeting need not include any purpose of
10 the meeting.

11 (c) Notice of a special meeting of members must include each
12 purpose of the meeting as contained in the demand under paragraph
13 (3) or (4) of subsection (a) of Section 46 of this act or as voted
14 upon by the board of directors under paragraph (2) of subsection (a)
15 of Section 46 of this act.

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

18 SECTION 48. NEW LAW A new section of law to be codified
19 in the Oklahoma Statutes as Section 440-509 of Title 18, unless
20 there is created a duplication in numbering, reads as follows:

21 WAIVER OF MEMBERS MEETING NOTICE.

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

24

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

6 SECTION 49. NEW LAW A new section of law to be codified
7 in the Oklahoma Statutes as Section 440-510 of Title 18, unless
8 there is created a duplication in numbering, reads as follows:

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

13 SECTION 50. NEW LAW A new section of law to be codified
14 in the Oklahoma Statutes as Section 440-511 of Title 18, unless
15 there is created a duplication in numbering, reads as follows:

16 VOTING BY PATRON MEMBERS. Except as provided by subsection (a)
17 of Section 51 of this act, each patron member has one vote. The
18 organic rules may allocate voting power among patron members as
19 provided in subsection (a) of Section 51 of this act.

20 SECTION 51. NEW LAW A new section of law to be codified
21 in the Oklahoma Statutes as Section 440-512 of Title 18, unless
22 there is created a duplication in numbering, reads as follows:

23 DETERMINATION OF VOTING POWER OF PATRON MEMBER.
24

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

3 (1) One member, one vote;

4 (2) Use or patronage;

5 (3) Equity; or

6 (4) If a patron member is a cooperative, the number of its
7 patron members.

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

11 SECTION 52. NEW LAW A new section of law to be codified
12 in the Oklahoma Statutes as Section 440-513 of Title 18, unless
13 there is created a duplication in numbering, reads as follows:

14 VOTING BY INVESTOR MEMBERS. If the organic rules provide for
15 investor members, each investor member has one vote, unless the
16 organic rules otherwise provide. The organic rules may provide for
17 the allocation of investor member voting power by class, classes, or
18 any combination of classes.

19 SECTION 53. NEW LAW A new section of law to be codified
20 in the Oklahoma Statutes as Section 440-514 of Title 18, unless
21 there is created a duplication in numbering, reads as follows:

22 VOTING REQUIREMENTS FOR MEMBERS. If a limited cooperative
23 association has both patron and investor members, the following
24 rules apply:

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

3 (2) Action on any matter is approved only upon the affirmative
4 vote of at least a majority of:

5 (A) all members voting at the meeting unless more than a
6 majority is required by Articles 4, 12, 15 through 16
7 of this act or the organic rules; and

8 (B) votes cast by patron members unless the organic rules
9 require a larger affirmative vote by patron members.

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

13 SECTION 54. NEW LAW A new section of law to be codified
14 in the Oklahoma Statutes as Section 440-515 of Title 18, unless
15 there is created a duplication in numbering, reads as follows:

16 MANNER OF VOTING.

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

20 (b) If voting by a proxy is permitted, a patron member may
21 appoint only another patron member as a proxy and, if investor
22 members are permitted, an investor member may appoint only another
23 investor member as a proxy.

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

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

6 SECTION 55. NEW LAW A new section of law to be codified
7 in the Oklahoma Statutes as Section 440-516 of Title 18, unless
8 there is created a duplication in numbering, reads as follows:

9 ACTION WITHOUT A MEETING.

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

14 (b) Consent under subsection (a) of this section may be
15 withdrawn by a member in a record at any time before the limited
16 cooperative association receives a consent from each member entitled
17 to vote.

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

20 SECTION 56. NEW LAW A new section of law to be codified
21 in the Oklahoma Statutes as Section 440-517 of Title 18, unless
22 there is created a duplication in numbering, reads as follows:

23 DISTRICTS AND DELEGATES; CLASSES OF MEMBERS.
24

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

3 (1) For the conduct of patron member meetings by districts and
4 the election of directors at the meetings; or

5 (2) That districts may elect district delegates to represent
6 and vote for the district at members meetings.

7 (b) A delegate elected under paragraph (2) of subsection (a) of
8 this section has one vote unless voting power is otherwise allocated
9 by the organic rules.

10 (c) The organic rules may provide for the establishment of
11 classes of members, for the preferences, rights, and limitations of
12 the classes, and:

13 (1) For the conduct of members meetings by classes and the
14 election of directors at the meetings; or

15 (2) That classes may elect class delegates to represent and
16 vote for the class in members meetings.

17 (d) A delegate elected under paragraph (2) of subsection (c) of
18 this section has one vote unless voting power is otherwise allocated
19 by the organic rules.

20 ARTICLE 6

21 MEMBER'S INTEREST IN LIMITED COOPERATIVE ASSOCIATION

22 SECTION 57. NEW LAW A new section of law to be codified
23 in the Oklahoma Statutes as Section 440-601 of Title 18, unless
24 there is created a duplication in numbering, reads as follows:

1 MEMBER'S INTEREST. A member's interest:

2 (1) Is personal property;

3 (2) Consists of:

4 (A) governance rights;

5 (B) financial rights; and

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

8 (3) May be in certificated or uncertificated form.

9 SECTION 58. NEW LAW A new section of law to be codified
10 in the Oklahoma Statutes as Section 440-602 of Title 18, unless
11 there is created a duplication in numbering, reads as follows:

12 PATRON AND INVESTOR MEMBERS' INTERESTS.

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

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

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

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

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

1 SECTION 59. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 440-603 of Title 18, unless
3 there is created a duplication in numbering, reads as follows:

4 TRANSFERABILITY OF MEMBER'S INTEREST.

5 (a) The provisions of the Uniform Limited Cooperative Act
6 relating to the transferability of a member's interest are subject
7 to the Uniform Commercial Code.

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

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

13 (d) The terms of any restriction on transferability of
14 financial rights must be:

15 (1) Set forth in the organic rules and the member records of
16 the association; and

17 (2) Conspicuously noted on any certificates evidencing a
18 member's interest.

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

24

1 (f) A transferee of a member's financial rights does not become
2 a member upon transfer of the rights unless the transferee is
3 admitted as a member by the limited cooperative association.

4 (g) A limited cooperative association need not give effect to a
5 transfer under this section until the association has notice of the
6 transfer.

7 (h) A transfer of a member's financial rights in violation of a
8 restriction on transfer contained in the organic rules is
9 ineffective as to a person having notice of the restriction at the
10 time of transfer.

11 SECTION 60. NEW LAW A new section of law to be codified
12 in the Oklahoma Statutes as Section 440-604 of Title 18, unless
13 there is created a duplication in numbering, reads as follows:

14 SECURITY INTEREST AND SET-OFF.

15 (a) A member or transferee may create an enforceable security
16 interest in its financial rights in a limited cooperative
17 association.

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

21 (c) The organic rules may provide that a limited cooperative
22 association has a security interest in the financial rights of a
23 member to secure payment of any indebtedness or other obligation of
24 the member to the association. A security interest provided for in

1 the organic rules is enforceable under, and governed by, Article 9
2 of the Uniform Commercial Code.

3 (d) Unless the organic rules otherwise provide, a member may
4 not compel the limited cooperative association to offset financial
5 rights against any indebtedness or obligation owed to the
6 association.

7 SECTION 61. NEW LAW A new section of law to be codified
8 in the Oklahoma Statutes as Section 440-605 of Title 18, unless
9 there is created a duplication in numbering, reads as follows:

10 CHARGING ORDERS FOR JUDGMENT CREDITOR OF MEMBER OR TRANSFEREE.

11 (a) On application by a judgment creditor of a member or
12 transferee, a court may enter a charging order against the financial
13 rights of the judgment debtor for the unsatisfied amount of the
14 judgment. A charging order issued under this subsection constitutes
15 a lien on the judgment debtor's financial rights and requires the
16 limited cooperative association to pay over to the creditor or
17 receiver, to the extent necessary to satisfy the judgment, any
18 distribution that would otherwise be paid to the judgment debtor.

19 (b) To the extent necessary to effectuate the collection of
20 distributions pursuant to a charging order under subsection (a) of
21 this section, the court may:

22 (1) Appoint a receiver of the share of the distributions due or
23 to become due to the judgment debtor under the judgment debtor's
24

1 financial rights, with the power to make all inquiries the judgment
2 debtor might have made; and

3 (2) Make all other orders that the circumstances of the case
4 may require to give effect to the charging order.

5 (c) Upon a showing that distributions under a charging order
6 will not pay the judgment debt within a reasonable time, the court
7 may foreclose the lien and order the sale of the financial rights.
8 The purchaser at the foreclosure sale obtains only the financial
9 rights that are subject to the charging order, does not thereby
10 become a member, and is subject to Section 59 of this act.

11 (d) At any time before a sale pursuant to a foreclosure, a
12 member or transferee whose financial rights are subject to a
13 charging order under subsection (a) of this section may extinguish
14 the charging order by satisfying the judgment and filing a certified
15 copy of the satisfaction with the court that issued the charging
16 order.

17 (e) At any time before sale pursuant to a foreclosure, the
18 limited cooperative association or one or more members whose
19 financial rights are not subject to the charging order may pay to
20 the judgment creditor the full amount due under the judgment and
21 succeed to the rights of the judgment creditor, including the
22 charging order. Unless the organic rules otherwise provide, the
23 association may act under this subsection only with the consent of
24

1 all members whose financial rights are not subject to the charging
2 order.

3 (f) The Uniform Limited Cooperative Association Act does not
4 deprive any member or transferee of the benefit of any exemption
5 laws applicable to the member's or transferee's financial rights.

6 (g) This section provides the exclusive remedy by which a
7 judgment creditor of a member or transferee may satisfy the judgment
8 from the member's or transferee's financial rights.

9 ARTICLE 7

10 MARKETING CONTRACTS

11 SECTION 62. NEW LAW A new section of law to be codified
12 in the Oklahoma Statutes as Section 440-701 of Title 18, unless
13 there is created a duplication in numbering, reads as follows:

14 AUTHORITY. In this article, "marketing contract" means a
15 contract between a limited cooperative association and another
16 person, that need not be a patron member:

17 (1) Requiring the other person to sell, or deliver for sale or
18 marketing on the person's behalf, a specified part of the person's
19 products, commodities, or goods exclusively to or through the
20 association or any facilities furnished by the association; or

21 (2) Authorizing the association to act for the person in any
22 manner with respect to the products, commodities, or goods.

23

24

1 SECTION 63. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 440-702 of Title 18, unless
3 there is created a duplication in numbering, reads as follows:

4 MARKETING CONTRACTS.

5 (a) If a marketing contract provides for the sale of products,
6 commodities, or goods to a limited cooperative association, the sale
7 transfers title to the association upon delivery or at any other
8 specific time expressly provided by the contract.

9 (b) A marketing contract may:

10 (1) Authorize a limited cooperative association to create an
11 enforceable security interest in the products, commodities, or goods
12 delivered; and

13 (2) Allow the association to sell the products, commodities, or
14 goods delivered and pay the sales price on a pooled or other basis
15 after deducting selling costs, processing costs, overhead, expenses,
16 and other charges.

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

20 SECTION 64. NEW LAW A new section of law to be codified
21 in the Oklahoma Statutes as Section 440-703 of Title 18, unless
22 there is created a duplication in numbering, reads as follows:

23 DURATION OF MARKETING CONTRACT. The initial duration of a
24 marketing contract may not exceed ten (10) years, but the contract

1 may be self-renewing for additional periods not exceeding five (5)
2 years each. Unless the contract provides for another manner or time
3 for termination, either party may terminate the contract by giving
4 notice in a record at least ninety (90) days before the end of the
5 current term.

6 SECTION 65. NEW LAW A new section of law to be codified
7 in the Oklahoma Statutes as Section 440-704 of Title 18, unless
8 there is created a duplication in numbering, reads as follows:

9 REMEDIES FOR BREACH OF CONTRACT.

10 (a) Damages to be paid to a limited cooperative association for
11 breach or anticipatory repudiation of a marketing contract may be
12 liquidated, but only at an amount or under a formula that is
13 reasonable in light of the actual or anticipated harm caused by the
14 breach or repudiation. A provision that so provides is not a
15 penalty.

16 (b) Upon a breach of a marketing contract, whether by
17 anticipatory repudiation or otherwise, a limited cooperative
18 association may seek:

19 (1) An injunction to prevent further breach; and

20 (2) Specific performance.

21 (c) The remedies in this section are in addition to any other
22 remedies available to an association under law other than the
23 Uniform Limited Cooperative Association Act.

24

1 ARTICLE 8

2 DIRECTORS AND OFFICERS

3 SECTION 66. NEW LAW A new section of law to be codified
4 in the Oklahoma Statutes as Section 440-801 of Title 18, unless
5 there is created a duplication in numbering, reads as follows:

6 BOARD OF DIRECTORS.

7 (a) A limited cooperative association must have a board of
8 directors of at least three individuals, unless the association has
9 fewer than three members. If the association has fewer than three
10 members, the number of directors may not be fewer than the number of
11 members.

12 (b) The affairs of a limited cooperative association must be
13 managed by, or under the direction of, the board of directors. The
14 board may adopt policies and procedures that do not conflict with
15 the organic rules or the Uniform Limited Cooperative Association
16 Act.

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

19 SECTION 67. NEW LAW A new section of law to be codified
20 in the Oklahoma Statutes as Section 440-802 of Title 18, unless
21 there is created a duplication in numbering, reads as follows:

22 NO LIABILITY AS DIRECTOR FOR LIMITED COOPERATIVE ASSOCIATION'S
23 OBLIGATIONS. A debt, obligation, or other liability of a limited
24 cooperative association is solely that of the association and is not

1 a debt, obligation, or liability of a director solely by reason of
2 being a director. An individual is not personally liable, directly
3 or indirectly, for an obligation of an association solely by reason
4 of being a director.

5 SECTION 68. NEW LAW A new section of law to be codified
6 in the Oklahoma Statutes as Section 440-803 of Title 18, unless
7 there is created a duplication in numbering, reads as follows:

8 QUALIFICATIONS OF DIRECTORS.

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

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

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

19 (1) One, if there are two through four directors;

20 (2) Two, if there are five through eight directors; or

21 (3) One-third (1/3) of the total number of directors if there
22 are at least nine directors.

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

1 SECTION 69. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 440-804 of Title 18, unless
3 there is created a duplication in numbering, reads as follows:

4 ELECTION OF DIRECTORS AND COMPOSITION OF BOARD.

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

6 (1) The number of directors that must be patron members may not
7 be fewer than:

8 (A) one, if there are two or three directors;

9 (B) two, if there are four or five directors;

10 (C) three, if there are six through eight directors; or

11 (D) one-third (1/3) of the directors if there are at least
12 nine directors; and

13 (2) A majority of the board of directors must be elected
14 exclusively by patron members.

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

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

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

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

4 (f) Unless the organic rules otherwise provide, cumulative
5 voting for directors is prohibited.

6 (g) Except as otherwise provided by the organic rules,
7 subsection (e) of this section, or Sections 31, 55, 56 and 74 of
8 this act, member directors must be elected at an annual members
9 meeting.

10 SECTION 70. NEW LAW A new section of law to be codified
11 in the Oklahoma Statutes as Section 440-805 of Title 18, unless
12 there is created a duplication in numbering, reads as follows:

13 TERM OF DIRECTOR.

14 (a) Unless the organic rules otherwise provide, and subject to
15 subsections (c) and (d) of this section and subsection (c) of
16 Section 31 of this act, the term of a director expires at the annual
17 members meeting following the director's election or appointment.
18 The term of a director may not exceed three (3) years.

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

21 (c) Except as otherwise provided in subsection (d) of this
22 section, a director continues to serve until a successor director is
23 elected or appointed and qualifies or the director is removed,
24 resigns, is adjudged incompetent, or dies.

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

4 SECTION 71. NEW LAW A new section of law to be codified
5 in the Oklahoma Statutes as Section 440-806 of Title 18, unless
6 there is created a duplication in numbering, reads as follows:

7 RESIGNATION OF DIRECTOR. A director may resign at any time by
8 giving notice in a record to the limited cooperative association.
9 Unless the notice states a later effective date, a resignation is
10 effective when the notice is received by the association.

11 SECTION 72. NEW LAW A new section of law to be codified
12 in the Oklahoma Statutes as Section 440-807 of Title 18, unless
13 there is created a duplication in numbering, reads as follows:

14 REMOVAL OF DIRECTOR. Unless the organic rules otherwise
15 provide, the following rules apply:

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

17 (2) A member or members holding at least ten percent (10%) of
18 the total voting power entitled to be voted in the election of a
19 director may demand removal of the director by one or more signed
20 petitions submitted to the officer of the limited cooperative
21 association charged with keeping its records.

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

24

1 (A) call a special meeting of members to be held not later
2 than ninety (90) days after receipt of the petition by
3 the association; and

4 (B) mail or otherwise transmit or deliver in a record to
5 the members entitled to vote on the removal, and to
6 the director to be removed, notice of the meeting
7 which complies with Section 47 of this act.

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

10 SECTION 73. NEW LAW A new section of law to be codified
11 in the Oklahoma Statutes as Section 440-808 of Title 18, unless
12 there is created a duplication in numbering, reads as follows:

13 SUSPENSION OF DIRECTOR BY BOARD.

14 (a) A board of directors may suspend a director if, considering
15 the director's course of conduct and the inadequacy of other
16 available remedies, immediate suspension is necessary for the best
17 interests of the association and the director is engaging, or has
18 engaged, in:

19 (1) Fraudulent conduct with respect to the association or its
20 members;

21 (2) Gross abuse of the position of director;

22 (3) Intentional or reckless infliction of harm on the
23 association; or

24

1 (4) Any other behavior, act, or omission as provided by the
2 organic rules.

3 (b) A suspension under subsection (a) of this section is
4 effective for thirty (30) days unless the board of directors calls
5 and gives notice of a special meeting of members for removal of the
6 director before the end of the thirty-day period in which case the
7 suspension is effective until adjournment of the meeting or the
8 director is removed.

9 SECTION 74. NEW LAW A new section of law to be codified
10 in the Oklahoma Statutes as Section 440-809 of Title 18, unless
11 there is created a duplication in numbering, reads as follows:

12 VACANCY ON BOARD.

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

15 (1) Within a reasonable time by majority vote of the remaining
16 directors until the next annual members meeting or a special meeting
17 of members called to fill the vacancy; and

18 (2) For the unexpired term by members at the next annual
19 members meeting or a special meeting of members called to fill the
20 vacancy.

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

24 (1) The new director must be of that class or district; and

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

4 (c) If a member appointed a vacating director, the organic
5 rules may provide for that member to appoint a director to fill the
6 vacancy.

7 SECTION 75. NEW LAW A new section of law to be codified
8 in the Oklahoma Statutes as Section 440-810 of Title 18, unless
9 there is created a duplication in numbering, reads as follows:

10 REMUNERATION OF DIRECTORS. Unless the organic rules otherwise
11 provide, the board of directors may set the remuneration of
12 directors and of nondirector committee members appointed under
13 subsection (a) of Section 82 of this act.

14 SECTION 76. NEW LAW A new section of law to be codified
15 in the Oklahoma Statutes as Section 440-811 of Title 18, unless
16 there is created a duplication in numbering, reads as follows:

17 MEETINGS.

18 (a) A board of directors shall meet at least annually and may
19 hold meetings inside or outside this state.

20 (b) Unless the organic rules otherwise provide, a board of
21 directors may permit directors to attend or conduct board meetings
22 through the use of any means of communication, if all directors
23 attending the meeting can communicate with each other during the
24 meeting.

1 SECTION 77. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 440-812 of Title 18, unless
3 there is created a duplication in numbering, reads as follows:

4 ACTION WITHOUT MEETING.

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

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

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

13 SECTION 78. NEW LAW A new section of law to be codified
14 in the Oklahoma Statutes as Section 440-813 of Title 18, unless
15 there is created a duplication in numbering, reads as follows:

16 MEETINGS AND NOTICE.

17 (a) Unless the organic rules otherwise provide, a board of
18 directors may establish a time, date, and place for regular board
19 meetings, and notice of the time, date, place, or purpose of those
20 meetings is not required.

21 (b) Unless the organic rules otherwise provide, notice of the
22 time, date, and place of a special meeting of a board of directors
23 must be given to all directors at least three (3) days before the
24 meeting, the notice must contain a statement of the purpose of the

1 meeting, and the meeting is limited to the matters contained in the
2 statement.

3 SECTION 79. NEW LAW A new section of law to be codified
4 in the Oklahoma Statutes as Section 840-814 of Title 18, unless
5 there is created a duplication in numbering, reads as follows:

6 WAIVER OF NOTICE OF MEETING.

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

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

13 (1) The director objects to the meeting at the beginning of the
14 meeting or promptly upon the director's arrival at the meeting and
15 does not thereafter vote in favor of or otherwise assent to the
16 action taken at the meeting; or

17 (2) The director promptly objects upon the introduction of any
18 matter for which notice under Section 78 of this act has not been
19 given and does not thereafter vote in favor of or otherwise assent
20 to the action taken on the matter.

21 SECTION 80. NEW LAW A new section of law to be codified
22 in the Oklahoma Statutes as Section 440-815 of Title 18, unless
23 there is created a duplication in numbering, reads as follows:

24 QUORUM.

1 (a) Unless the articles of organization provide for a greater
2 number, a majority of the total number of directors specified by the
3 organic rules constitutes a quorum for a meeting of the directors.

4 (b) If a quorum of the board of directors is present at the
5 beginning of a meeting, any action taken by the directors present is
6 valid even if withdrawal of directors originally present results in
7 the number of directors being fewer than the number required for a
8 quorum.

9 (c) A director present at a meeting but objecting to notice
10 under paragraph (1) or (2) of subsection (b) of Section 79 of this
11 act does not count toward a quorum.

12 SECTION 81. NEW LAW A new section of law to be codified
13 in the Oklahoma Statutes as Section 440-816 of Title 18, unless
14 there is created a duplication in numbering, reads as follows:

15 VOTING.

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

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

21 SECTION 82. NEW LAW A new section of law to be codified
22 in the Oklahoma Statutes as Section 440-817 of Title 18, unless
23 there is created a duplication in numbering, reads as follows:

24 COMMITTEES.

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

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

7 (c) An individual who is not a director and is serving on a
8 committee has the same rights, duties, and obligations as a director
9 serving on the committee.

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

13 (1) Approve allocations or distributions except according to a
14 formula or method prescribed by the board of directors;

15 (2) Approve or propose to members action requiring approval of
16 members; or

17 (3) Fill vacancies on the board of directors or any of its
18 committees.

19 SECTION 83. NEW LAW A new section of law to be codified
20 in the Oklahoma Statutes as Section 440-818 of Title 18, unless
21 there is created a duplication in numbering, reads as follows:

22 STANDARDS OF CONDUCT AND LIABILITY. Except as otherwise
23 provided in Section 85 of this act:

24

1 (1) The discharge of the duties of a director or member of a
2 committee of the board of directors is governed by the law
3 applicable to directors of entities organized under the Oklahoma
4 General Corporation Act; and

5 (2) The liability of a director or member of a committee of the
6 board of directors is governed by the law applicable to directors of
7 entities organized under the Oklahoma General Corporation Act.

8 SECTION 84. NEW LAW A new section of law to be codified
9 in the Oklahoma Statutes as Section 440-819 of Title 18, unless
10 there is created a duplication in numbering, reads as follows:

11 CONFLICT OF INTEREST.

12 (a) The law applicable to conflicts of interest between a
13 director of an entity organized under the Oklahoma General
14 Corporation Act governs conflicts of interest between a limited
15 cooperative association and a director or member of a committee of
16 the board of directors.

17 (b) A director does not have a conflict of interest under the
18 Uniform Limited Cooperative Association Act or the organic rules
19 solely because the director's conduct relating to the duties of the
20 director may further the director's own interest.

21 SECTION 85. NEW LAW A new section of law to be codified
22 in the Oklahoma Statutes as Section 440-820 of Title 18, unless
23 there is created a duplication in numbering, reads as follows:

24

1 OTHER CONSIDERATIONS OF DIRECTORS. Unless the articles of
2 organization otherwise provide, in considering the best interests of
3 a limited cooperative association, a director of the association in
4 discharging the duties of director, in conjunction with considering
5 the long- and short-term interest of the association and its patron
6 members, may consider:

7 (1) The interest of employees, customers, and suppliers of the
8 association;

9 (2) The interest of the community in which the association
10 operates; and

11 (3) Other cooperative principles and values that may be applied
12 in the context of the decision.

13 SECTION 86. NEW LAW A new section of law to be codified
14 in the Oklahoma Statutes as Section 440-821 of Title 18, unless
15 there is created a duplication in numbering, reads as follows:

16 RIGHT OF DIRECTOR OR COMMITTEE MEMBER TO INFORMATION. A
17 director or a member of a committee appointed under Section 82 of
18 this act may obtain, inspect, and copy all information regarding the
19 state of activities and financial condition of the limited
20 cooperative association and other information regarding the
21 activities of the association if the information is reasonably
22 related to the performance of the director's duties as director or
23 the committee member's duties as a member of the committee.

24

1 Information obtained in accordance with this section may not be used
2 in any manner that would violate any duty of or to the association.

3 SECTION 87. NEW LAW A new section of law to be codified
4 in the Oklahoma Statutes as Section 840-822 of Title 18, unless
5 there is created a duplication in numbering, reads as follows:

6 APPOINTMENT AND AUTHORITY OF OFFICERS.

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

8 (1) Provided in the organic rules; or

9 (2) Established by the board of directors in a manner not
10 inconsistent with the organic rules.

11 (b) The organic rules may designate or, if the rules do not
12 designate, the board of directors shall designate, one of the
13 association's officers for preparing all records required by Section
14 14 of this act and for the authentication of records.

15 (c) Unless the organic rules otherwise provide, the board of
16 directors shall appoint the officers of the limited cooperative
17 association.

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

21 (e) The election or appointment of an officer of a limited
22 cooperative association does not of itself create a contract between
23 the association and the officer.

24

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

4 SECTION 88. NEW LAW A new section of law to be codified
5 in the Oklahoma Statutes as Section 440-823 of Title 18, unless
6 there is created a duplication in numbering, reads as follows:

7 RESIGNATION AND REMOVAL OF OFFICERS.

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

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

14 ARTICLE 9

15 INDEMNIFICATION

16 SECTION 89. NEW LAW A new section of law to be codified
17 in the Oklahoma Statutes as Section 440-901 of Title 18, unless
18 there is created a duplication in numbering, reads as follows:

19 INDEMNIFICATION.

20 (a) Indemnification of an individual who has incurred liability
21 or is a party, or is threatened to be made a party, to litigation
22 because of the performance of a duty to, or activity on behalf of, a
23 limited cooperative association is governed by the Oklahoma General
24 Corporation Act.

1 (b) A limited cooperative association may purchase and maintain
2 insurance on behalf of any individual against liability asserted
3 against or incurred by the individual to the same extent and subject
4 to the same conditions as provided by the Oklahoma General
5 Corporation Act.

6 ARTICLE 10

7 CONTRIBUTIONS, ALLOCATIONS, AND DISTRIBUTIONS

8 SECTION 90. NEW LAW A new section of law to be codified
9 in the Oklahoma Statutes as Section 440-1001 of Title 18, unless
10 there is created a duplication in numbering, reads as follows:

11 MEMBERS' CONTRIBUTIONS. The organic rules must establish the
12 amount, manner, or method of determining any contribution
13 requirements for members or must authorize the board of directors to
14 establish the amount, manner, or other method of determining any
15 contribution requirements for members.

16 SECTION 91. NEW LAW A new section of law to be codified
17 in the Oklahoma Statutes as Section 440-1002 of Title 18, unless
18 there is created a duplication in numbering, reads as follows:

19 CONTRIBUTION AND VALUATION.

20 (a) Unless the organic rules otherwise provide, the
21 contributions of a member to a limited cooperative association may
22 consist of tangible or intangible property or other benefit to the
23 association, including money, labor or other services performed or
24

1 to be performed, promissory notes, other agreements to contribute
2 money or property, and contracts to be performed.

3 (b) The receipt and acceptance of contributions and the
4 valuation of contributions must be reflected in a limited
5 cooperative association's records.

6 (c) Unless the organic rules otherwise provide, the board of
7 directors shall determine the value of a member's contributions
8 received or to be received and the determination by the board of
9 directors of valuation is conclusive for purposes of determining
10 whether the member's contribution obligation has been met.

11 SECTION 92. NEW LAW A new section of law to be codified
12 in the Oklahoma Statutes as Section 440-1003 of Title 18, unless
13 there is created a duplication in numbering, reads as follows:

14 CONTRIBUTION AGREEMENTS.

15 (a) Except as otherwise provided in the agreement, the
16 following rules apply to an agreement made by a person before
17 formation of a limited cooperative association to make a
18 contribution to the association:

19 (1) The agreement is irrevocable for six (6) months after the
20 agreement is signed by the person unless all parties to the
21 agreement consent to the revocation.

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

23 (A) the person is obligated, at the option of the
24 association, once formed, to contribute money equal to

1 the value of that part of the contribution that has
2 not been made, and the obligation may be enforced as a
3 debt to the association; or

4 (B) the association, once formed, may rescind the
5 agreement if the debt remains unpaid more than twenty
6 (20) days after the association demands payment from
7 the person, and upon rescission the person has no
8 further rights or obligations with respect to the
9 association.

10 (b) Unless the organic rules or an agreement to make a
11 contribution to a limited cooperative association otherwise
12 provides, if a person does not make a required contribution to an
13 association, the person or the person's estate is obligated, at the
14 option of the association, to contribute money equal to the value of
15 the part of the contribution which has not been made.

16 SECTION 93. NEW LAW A new section of law to be codified
17 in the Oklahoma Statutes as Section 440-1004 of Title 18, unless
18 there is created a duplication in numbering, reads as follows:

19 ALLOCATIONS OF PROFITS AND LOSSES.

20 (a) The organic rules may provide for allocating profits of a
21 limited cooperative association among members, among persons that
22 are not members but conduct business with the association, to an
23 unallocated account, or to any combination thereof. Unless the
24

1 organic rules otherwise provide, losses of the association must be
2 allocated in the same proportion as profits.

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

6 (c) If a limited cooperative association has investor members,
7 the organic rules may not reduce the allocation to patron members to
8 less than fifty percent (50%) of profits. For purposes of this
9 subsection, the following rules apply:

10 (1) Amounts paid or due on contracts for the delivery to the
11 association by patron members of products, goods, or services are
12 not considered amounts allocated to patron members.

13 (2) Amounts paid, due, or allocated to investor members as a
14 stated fixed return on equity are not considered amounts allocated
15 to investor members.

16 (d) Unless prohibited by the organic rules, in determining the
17 profits for allocation under subsections (a), (b) and (c) of this
18 section, the board of directors may first deduct and set aside a
19 part of the profits to create or accumulate:

20 (1) An unallocated capital reserve; and

21 (2) Reasonable unallocated reserves for specific purposes,
22 including expansion and replacement of capital assets; education,
23 training, cooperative development; creation and distribution of

24

1 information concerning principles of cooperation; and community
2 responsibility.

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

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

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

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

20 SECTION 94. NEW LAW A new section of law to be codified
21 in the Oklahoma Statutes as Section 440-1005 of Title 18, unless
22 there is created a duplication in numbering, reads as follows:

23 DISTRIBUTIONS.
24

1 (a) Unless the organic rules otherwise provide and subject to
2 Section 96 of this act, the board of directors may authorize, and
3 the limited cooperative association may make, distributions to
4 members.

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

9 SECTION 95. NEW LAW A new section of law to be codified
10 in the Oklahoma Statutes as Section 440-1006 of Title 18, unless
11 there is created a duplication in numbering, reads as follows:

12 REDEMPTION OR REPURCHASE. Property distributed to a member by a
13 limited cooperative association, other than money, may be redeemed
14 or repurchased as provided in the organic rules but a redemption or
15 repurchase may not be made without authorization by the board of
16 directors. The board may withhold authorization for any reason in
17 its sole discretion. A redemption or repurchase is treated as a
18 distribution for purposes of Section 96 of this act.

19 SECTION 96. NEW LAW A new section of law to be codified
20 in the Oklahoma Statutes as Section 440-1007 of Title 18, unless
21 there is created a duplication in numbering, reads as follows:

22 LIMITATIONS ON DISTRIBUTIONS.

23 (a) A limited cooperative association may not make a
24 distribution if, after the distribution:

1 (1) The association would not be able to pay its debts as they
2 become due in the ordinary course of the association's activities;
3 or

4 (2) The association's assets would be less than the sum of its
5 total liabilities.

6 (b) A limited cooperative association may base a determination
7 that a distribution is not prohibited under subsection (a) of this
8 section on financial statements prepared on the basis of accounting
9 practices and principles that are reasonable in the circumstances or
10 on a fair valuation or other method that is reasonable in the
11 circumstances.

12 (c) Except as otherwise provided in subsection (d) of this
13 section, the effect of a distribution allowed under subsection (b)
14 of this section is measured:

15 (1) In the case of distribution by purchase, redemption, or
16 other acquisition of financial rights in the limited cooperative
17 association, as of the date money or other property is transferred
18 or debt is incurred by the association; and

19 (2) In all other cases, as of the date:

20 (A) the distribution is authorized, if the payment occurs
21 not later than one hundred twenty (120) days after
22 that date; or

23

24

1 (B) the payment is made, if payment occurs more than one
2 hundred twenty (120) days after the distribution is
3 authorized.

4 (d) If indebtedness is issued as a distribution, each payment
5 of principal or interest on the indebtedness is treated as a
6 distribution, the effect of which is measured on the date the
7 payment is made.

8 (e) For purposes of this section, "distribution" does not
9 include reasonable amounts paid to a member in the ordinary course
10 of business as payment or compensation for commodities, goods, past
11 or present services, or reasonable payments made in the ordinary
12 course of business under a bona fide retirement or other benefits
13 program.

14 SECTION 97. NEW LAW A new section of law to be codified
15 in the Oklahoma Statutes as Section 440-1008 of Title 18, unless
16 there is created a duplication in numbering, reads as follows:

17 LIABILITY FOR IMPROPER DISTRIBUTIONS; LIMITATION OF ACTION.

18 (a) A director who consents to a distribution that violates
19 Section 96 of this act is personally liable to the limited
20 cooperative association for the amount of the distribution which
21 exceeds the amount that could have been distributed without the
22 violation if it is established that in consenting to the
23 distribution the director failed to comply with Section 83 or 84 of
24 this act.

1 (b) A member or transferee of financial rights which received a
2 distribution knowing that the distribution was made in violation of
3 Section 96 of this act is personally liable to the limited
4 cooperative association to the extent the distribution exceeded the
5 amount that could have been properly paid.

6 (c) A director against whom an action is commenced under
7 subsection (a) may:

8 (1) Implead in the action any other director who is liable
9 under subsection (a) of this section and compel contribution from
10 the person; and

11 (2) Implead in the action any person that is liable under
12 subsection (b) of this section and compel contribution from the
13 person in the amount the person received as described in subsection
14 (b) of this section.

15 (d) An action under this section is barred if it is commenced
16 later than two (2) years after the distribution.

17 SECTION 98. NEW LAW A new section of law to be codified
18 in the Oklahoma Statutes as Section 440-1009 of Title 18, unless
19 there is created a duplication in numbering, reads as follows:

20 RELATION TO STATE SECURITIES LAW. Patron members' interest in a
21 limited cooperative association has the same exemption as provided
22 for substantially similar interests in cooperatives under Section
23 437.27 of Title 18 of the Oklahoma Statutes.

24

1 ARTICLE 11

2 DISSOCIATION

3 SECTION 99. NEW LAW A new section of law to be codified
4 in the Oklahoma Statutes as Section 440-1101 of Title 18, unless
5 there is created a duplication in numbering, reads as follows:

6 MEMBER'S DISSOCIATION.

7 (a) A person has the power to dissociate as a member at any
8 time, rightfully or wrongfully, by express will.

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

12 (1) Breaches an express provision of the organic rules; or

13 (2) Occurs before the termination of the limited cooperative
14 association and:

15 (A) the person is expelled as a member under paragraph (3)
16 or (4) of subsection (d) of this section; or

17 (B) in the case of a person that is not an individual,
18 trust other than a business trust, or estate, the
19 person is expelled or otherwise dissociated as a
20 member because it dissolved or terminated in bad
21 faith.

22 (c) Unless the organic rules otherwise provide, a person that
23 wrongfully dissociates as a member is liable to the limited
24 cooperative association for damages caused by the dissociation. The

1 liability is in addition to any other debt, obligation, or liability
2 of the person to the association.

3 (d) A member is dissociated from the limited cooperative
4 association as a member when:

5 (1) The association receives notice in a record of the member's
6 express will to dissociate as a member, or if the member specifies
7 in the notice an effective date later than the date the association
8 received notice, on that later date;

9 (2) An event stated in the organic rules as causing the
10 member's dissociation as a member occurs;

11 (3) The member is expelled as a member under the organic rules;

12 (4) The member is expelled as a member by the board of
13 directors because:

14 (A) it is unlawful to carry on the association's
15 activities with the member as a member;

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

18 (i) a creation or perfection of a security interest;

19 or

20 (ii) a charging order in effect under Section 61 of
21 this act which has not been foreclosed;

22 (C) the member is a limited liability company,
23 association, or partnership, which has been dissolved,
24 and its business is being wound up; or

1 (D) the member is a corporation or cooperative and:

2 (i) the member filed a certificate of dissolution or
3 the equivalent, or the jurisdiction of formation
4 revoked the association's charter or right to
5 conduct business;

6 (ii) the association sends a notice to the member that
7 it will be expelled as a member for a reason
8 described in division (i) of this subparagraph;
9 and

10 (iii) not later than ninety (90) days after the notice
11 was sent under division (ii) of this
12 subparagraph, the member did not revoke its
13 certificate of dissolution or the equivalent, or
14 the jurisdiction of formation did not reinstate
15 the association's charter or right to conduct
16 business; or

17 (E) the member is an individual and is adjudged
18 incompetent;

19 (5) In the case of a member who is an individual, the
20 individual dies;

21 (6) In the case of a member that is a trust or is acting as a
22 member by virtue of being a trustee of a trust, all the trust's
23 financial rights in the association are distributed;

1 (7) In the case of a member that is an estate, the estate's
2 entire financial interest in the association is distributed;

3 (8) In the case of a member that is not an individual,
4 partnership, limited liability company, cooperative, corporation,
5 trust, or estate, the member is terminated; or

6 (9) The association participates in a merger if under the plan
7 of merger as approved under Article 16 of this act the member ceases
8 to be a member.

9 SECTION 100. NEW LAW A new section of law to be codified
10 in the Oklahoma Statutes as Section 440-1102 of Title 18, unless
11 there is created a duplication in numbering, reads as follows:

12 EFFECT OF DISSOCIATION AS MEMBER.

13 (a) Upon a member's dissociation:

14 (1) Subject to Section 101 of this act, the person has no
15 further rights as a member; and

16 (2) Subject to Section 101 of this act and Article 16 of this
17 act, any financial rights owned by the person in the person's
18 capacity as a member immediately before dissociation are owned by
19 the person as a transferee.

20 (b) A person's dissociation as a member does not of itself
21 discharge the person from any debt, obligation, or liability to the
22 limited cooperative association which the person incurred under the
23 organic rules, by contract, or by other means while a member.

24

1 SECTION 101. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 440-1103 of Title 18, unless
3 there is created a duplication in numbering, reads as follows:

4 POWER OF ESTATE OF MEMBER. Unless the organic rules provide for
5 greater rights, if a member is dissociated because of death, dies or
6 is expelled by reason of being adjudged incompetent, the member's
7 personal representative or other legal representative may exercise
8 the rights of a transferee of the member's financial rights and, for
9 purposes of settling the estate of a deceased member, may exercise
10 the informational rights of a current member to obtain information
11 under Section 44 of this act.

12 ARTICLE 12

13 DISSOLUTION

14 SECTION 102. NEW LAW A new section of law to be codified
15 in the Oklahoma Statutes as Section 440-1201 of Title 18, unless
16 there is created a duplication in numbering, reads as follows:

17 DISSOLUTION AND WINDING UP. A limited cooperative association
18 is dissolved only as provided in this article and upon dissolution
19 winds up in accordance with this article.

20 SECTION 103. NEW LAW A new section of law to be codified
21 in the Oklahoma Statutes as Section 440-1202 of Title 18, unless
22 there is created a duplication in numbering, reads as follows:

23

24

1 NONJUDICIAL DISSOLUTION. Except as otherwise provided in
2 Sections 104 and 112 of this act, a limited cooperative association
3 is dissolved and its activities must be wound up:

4 (1) Upon the occurrence of an event or at a time specified in
5 the articles of organization;

6 (2) Upon the action of the association's organizers, board of
7 directors, or members under Section 105 or 106 of this act; or

8 (3) Ninety (90) days after the dissociation of a member, which
9 results in the association having one patron member and no other
10 members, unless the association:

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

12 (B) not later than the end of the ninety-day period,
13 admits at least one member in accordance with the
14 organic rules and has at least two members, at least
15 one of which is a patron member.

16 SECTION 104. NEW LAW A new section of law to be codified
17 in the Oklahoma Statutes as Section 440-1203 of Title 18, unless
18 there is created a duplication in numbering, reads as follows:

19 JUDICIAL DISSOLUTION. The district court may dissolve a limited
20 cooperative association or order any action that under the
21 circumstances is appropriate and equitable:

22 (1) In a proceeding initiated by the Attorney General, if:

23 (A) the association obtained its articles of organization
24 through fraud; or

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

3 (2) In a proceeding initiated by a member, if:

4 (A) the directors are deadlocked in the management of the
5 association's affairs, the members are unable to break
6 the deadlock, and irreparable injury to the
7 association is occurring or is threatened because of
8 the deadlock;

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

12 (C) the members are deadlocked in voting power and have
13 failed to elect successors to directors whose terms
14 have expired for two consecutive periods during which
15 annual members meetings were held or were to be held;
16 or

17 (D) the assets of the association are being misapplied or
18 wasted.

19 SECTION 105. NEW LAW A new section of law to be codified
20 in the Oklahoma Statutes as Section 440-1204 of Title 18, unless
21 there is created a duplication in numbering, reads as follows:

22 VOLUNTARY DISSOLUTION BEFORE COMMENCEMENT OF ACTIVITY. A
23 majority of the organizers or initial directors of a
24

1 limited cooperative association that has not yet begun business
2 activity or the conduct of its affairs may dissolve the association.

3 SECTION 106. NEW LAW A new section of law to be codified
4 in the Oklahoma Statutes as Section 440-1205 of Title 18, unless
5 there is created a duplication in numbering, reads as follows:

6 VOLUNTARY DISSOLUTION BY THE BOARD AND MEMBERS.

7 (a) Except as otherwise provided in Section 105 of this act,
8 for a limited cooperative association to voluntarily dissolve:

9 (1) A resolution to dissolve must be approved by a majority
10 vote of the board of directors unless a greater percentage is
11 required by the organic rules;

12 (2) The board of directors must call a members meeting to
13 consider the resolution, to be held not later than ninety (90) days
14 after adoption of the resolution; and

15 (3) The board of directors must mail or otherwise transmit or
16 deliver to each member in a record that complies with Section 47 of
17 this act:

18 (A) the resolution required by paragraph (1) of this
19 subsection;

20 (B) a recommendation that the members vote in favor of the
21 resolution or, if the board determines that because of
22 conflict of interest or other special circumstances it
23 should not make a favorable recommendation, the basis
24 of that determination; and

1 (C) notice of the members meeting, which must be given in
2 the same manner as notice of a special meeting of
3 members.

4 (b) Subject to subsection (c) of this section, a resolution to
5 dissolve must be approved by:

6 (1) At least two-thirds (2/3) of the voting power of members
7 present at a members meeting called under paragraph (2) of
8 subsection (a) of this section; and

9 (2) If the limited cooperative association has investor
10 members, at least a majority of the votes cast by patron members,
11 unless the organic rules require a greater percentage.

12 (c) The organic rules may require that the percentage of votes
13 under paragraph (1) of subsection (b) of this section is:

14 (1) A different percentage that is not less than a majority of
15 members voting at the meeting; or

16 (2) Measured against the voting power of all members; or

17 (3) A combination of paragraphs (1) and (2) of this subsection.

18 SECTION 107. NEW LAW A new section of law to be codified
19 in the Oklahoma Statutes as Section 440-1206 of Title 18, unless
20 there is created a duplication in numbering, reads as follows:

21 WINDING UP.

22 (a) A limited cooperative association continues after
23 dissolution only for purposes of winding up its activities.

24

1 (b) In winding up a limited cooperative association's
2 activities, the board of directors shall cause the association to:

3 (1) Discharge its liabilities, settle and close its activities,
4 and marshal and distribute its assets;

5 (2) Preserve the association or its property as a going concern
6 for no more than a reasonable time;

7 (3) Prosecute and defend actions and proceedings;

8 (4) Transfer association property; and

9 (5) Perform other necessary acts.

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

15 (1) After a reasonable time, the association has not wound up
16 its activities; or

17 (2) The applicant establishes other good cause.

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

23

24

1 SECTION 108. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 440-1207 of Title 18, unless
3 there is created a duplication in numbering, reads as follows:

4 DISTRIBUTION OF ASSETS IN WINDING UP LIMITED COOPERATIVE
5 ASSOCIATION.

6 (a) In winding up a limited cooperative association's business,
7 the association shall apply its assets to discharge its obligations
8 to creditors, including members that are creditors. The association
9 shall apply any remaining assets to pay in money the net amount
10 distributable to members in accordance with their right to
11 distributions under subsection (b) of this section.

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

23

24

1 SECTION 109. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 440-1208 of Title 18, unless
3 there is created a duplication in numbering, reads as follows:

4 KNOWN CLAIMS AGAINST DISSOLVED LIMITED COOPERATIVE ASSOCIATION.

5 (a) Subject to subsection (d) of this section, a dissolved
6 limited cooperative association may dispose of the known claims
7 against it by following the procedure in subsections (b) and (c) of
8 this section.

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

11 (1) Specify that a claim be in a record;

12 (2) Specify the information required to be included in the
13 claim;

14 (3) Provide an address to which the claim must be sent;

15 (4) State the deadline for receipt of the claim, which may not
16 be less than one hundred twenty (120) days after the date the notice
17 is received by the claimant; and

18 (5) State that the claim will be barred if not received by the
19 deadline.

20 (c) A claim against a dissolved limited cooperative association
21 is barred if the requirements of subsection (b) of this section are
22 met, and:

23

24

1 (1) The association is not notified of the claimant's claim, in
2 a record, by the deadline specified in the notice under paragraph
3 (4) of subsection (b) of this section;

4 (2) In the case of a claim that is timely received but rejected
5 by the association, the claimant does not commence an action to
6 enforce the claim against the association within ninety (90) days
7 after receipt of the notice of the rejection; or

8 (3) If a claim is timely received but is neither accepted nor
9 rejected by the association within one hundred twenty (120) days
10 after the deadline for receipt of claims, the claimant does not
11 commence an action to enforce the claim against the association:

12 (A) after the one-hundred-twenty-day period; and

13 (B) not later than ninety (90) days after the one-hundred-
14 twenty-day period.

15 (d) This section does not apply to a claim based on an event
16 occurring after the date of dissolution or a liability that is
17 contingent on that date.

18 SECTION 110. NEW LAW A new section of law to be codified
19 in the Oklahoma Statutes as Section 440-1209 of Title 18, unless
20 there is created a duplication in numbering, reads as follows:

21 OTHER CLAIMS AGAINST DISSOLVED LIMITED COOPERATIVE ASSOCIATION.

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

1 (b) A notice under subsection (a) of this section must:

2 (1) Be published at least once in a newspaper of general
3 circulation in the county in which the dissolved limited cooperative
4 association's principal office is located or, if the association
5 does not have a principal office in this state, in the county in
6 which the association's designated office is or was last located;

7 (2) Describe the information required to be contained in a
8 claim and provide an address to which the claim is to be sent; and

9 (3) State that a claim against the association is barred unless
10 an action to enforce the claim is commenced not later than three (3)
11 years after publication of the notice.

12 (c) If a dissolved limited cooperative association publishes a
13 notice in accordance with subsection (b) of this section, the claim
14 of each of the following claimants is barred unless the claimant
15 commences an action to enforce the claim not later than three (3)
16 years after the first publication date of the notice:

17 (1) A claimant that is entitled to but did not receive notice
18 in a record under Section 109 of this act; and

19 (2) A claimant whose claim is contingent or based on an event
20 occurring after the effective date of dissolution.

21 (d) A claim not barred under this section may be enforced:

22 (1) Against a dissolved limited cooperative association, to the
23 extent of its undistributed assets; or

1 (2) If the association's assets have been distributed in
2 connection with winding up the association's activities, against a
3 member or holder of financial rights to the extent of that person's
4 proportionate share of the claim or the association's assets
5 distributed to the person in connection with the winding up,
6 whichever is less. The person's total liability for all claims
7 under this paragraph shall not exceed the total amount of assets
8 distributed to the person as part of the winding up of the
9 association.

10 SECTION 111. NEW LAW A new section of law to be codified
11 in the Oklahoma Statutes as Section 440-1210 of Title 18, unless
12 there is created a duplication in numbering, reads as follows:

13 COURT PROCEEDING.

14 (a) Upon application by a dissolved limited cooperative
15 association that has published a notice under Section 110 of this
16 act, the district court in the county where the association's
17 principal office is located or, if the association does not have a
18 principal office in this state, where its designated office in this
19 state is located, may determine the amount and form of security to
20 be provided for payment of claims against the association that are
21 contingent, have not been made known to the association, or are
22 based on an event occurring after the effective date of dissolution
23 but that, based on the facts known to the association, are

24

1 reasonably anticipated to arise after the effective date of
2 dissolution.

3 (b) Not later than ten (10) days after filing an application
4 under subsection (a) of this section, a dissolved limited
5 cooperative association shall give notice of the proceeding to each
6 known claimant holding a contingent claim.

7 (c) The court may appoint a representative in a proceeding
8 brought under this section to represent all claimants whose
9 identities are unknown. The dissolved limited cooperative
10 association shall pay reasonable fees and expenses of the
11 representative, including all reasonable attorney and expert witness
12 fees.

13 (d) Provision by the dissolved limited cooperative association
14 for security in the amount and the form ordered by the court
15 satisfies the association's obligations with respect to claims that
16 are contingent, have not been made known to the association, or are
17 based on an event occurring after the effective date of dissolution,
18 and the claims may not be enforced against a member that received a
19 distribution.

20 SECTION 112. NEW LAW A new section of law to be codified
21 in the Oklahoma Statutes as Section 440-1211 of Title 18, unless
22 there is created a duplication in numbering, reads as follows:

23 ADMINISTRATIVE DISSOLUTION.
24

1 (a) The Secretary of State may dissolve a limited cooperative
2 association administratively if the association does not:

3 (1) Pay, not later than sixty (60) days after the due date, any
4 fee, tax, or penalty due to the Secretary of State under the Uniform
5 Limited Cooperative Association Act or other law; or

6 (2) Deliver not later than sixty (60) days after the due date
7 its annual report to the Secretary of State.

8 (b) If the Secretary of State determines that a ground exists
9 for dissolving a limited cooperative association administratively,
10 the Secretary of State shall file a record of the determination and
11 serve the association with a copy of the record.

12 (c) If, not later than sixty (60) days after service of a copy
13 of the Secretary of State's determination under subsection (b) of
14 this section, the association does not correct each ground for
15 dissolution or demonstrate to the satisfaction of the Secretary of
16 State that each uncorrected ground determined by the Secretary of
17 State does not exist, the Secretary of State shall dissolve the
18 association administratively by preparing and filing a declaration
19 of dissolution which states the grounds for dissolution. The
20 Secretary of State shall serve the association with a copy of the
21 declaration.

22 (d) A limited cooperative association that has been dissolved
23 administratively continues its existence only for purposes of
24 winding up its activities.

1 (e) The administrative dissolution of a limited cooperative
2 association does not terminate the authority of its agent for
3 service of process.

4 SECTION 113. NEW LAW A new section of law to be codified
5 in the Oklahoma Statutes as Section 440-1212 of Title 18, unless
6 there is created a duplication in numbering, reads as follows:

7 REINSTATEMENT FOLLOWING ADMINISTRATIVE DISSOLUTION.

8 (a) A limited cooperative association that has been dissolved
9 administratively may apply to the Secretary of State for
10 reinstatement not later than two (2) years after the effective date
11 of dissolution. The application must be delivered to the Secretary
12 of State for filing and state:

13 (1) The name of the association and the effective date of its
14 administrative dissolution;

15 (2) That the grounds for dissolution either did not exist or
16 have been eliminated; and

17 (3) That the association's name satisfies the requirements of
18 Section 11 of this act.

19 (b) If the Secretary of State determines that an application
20 contains the information required by subsection (a) of this section
21 and that the information is correct, the Secretary of State shall:

22 (1) Prepare a declaration of reinstatement;

23 (2) File the original of the declaration; and

24 (3) Serve a copy of the declaration on the association.

1 (c) When reinstatement under this section becomes effective, it
2 relates back to and takes effect as of the effective date of the
3 administrative dissolution, and the limited cooperative association
4 may resume or continue its activities as if the administrative
5 dissolution had not occurred.

6 SECTION 114. NEW LAW A new section of law to be codified
7 in the Oklahoma Statutes as Section 440-1213 of Title 18, unless
8 there is created a duplication in numbering, reads as follows:

9 DENIAL OF REINSTATEMENT; APPEAL.

10 (a) If the Secretary of State denies a limited cooperative
11 association's application for reinstatement following administrative
12 dissolution, the Secretary of State shall prepare and file a notice
13 that explains the reason for denial and serve the association with a
14 copy of the notice.

15 (b) Not later than thirty (30) days after service of a notice
16 of denial of reinstatement by the Secretary of State, a limited
17 cooperative association may appeal the denial by petitioning the
18 district court to set aside the dissolution. The petition must be
19 served on the Secretary of State and contain a copy of the Secretary
20 of State's declaration of dissolution, the association's application
21 for reinstatement, and the Secretary of State's notice of denial.

22 (c) The court may summarily order the Secretary of State to
23 reinstate the dissolved cooperative association or may take other
24 action the court considers appropriate.

1 SECTION 115. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 440-1214 of Title 18, unless
3 there is created a duplication in numbering, reads as follows:

4 STATEMENT OF DISSOLUTION.

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

8 (1) The name of the association;

9 (2) The date the association dissolved or will dissolve; and

10 (3) Any other information the association considers relevant.

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

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

14 or

15 (2) The effective date stated in the statement of dissolution.

16 SECTION 116. NEW LAW A new section of law to be codified
17 in the Oklahoma Statutes as Section 440-1215 of Title 18, unless
18 there is created a duplication in numbering, reads as follows:

19 STATEMENT OF TERMINATION.

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

23 (1) The name of the association;

24

1 (2) The date of filing of its initial articles of organization;
2 and

3 (3) That the association is terminated.

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

6 ARTICLE 13

7 ACTION BY MEMBER

8 SECTION 117. NEW LAW A new section of law to be codified
9 in the Oklahoma Statutes as Section 440-1301 of Title 18, unless
10 there is created a duplication in numbering, reads as follows:

11 DERIVATIVE ACTION. A member may maintain a derivative action to
12 enforce a right of a limited cooperative association if:

13 (1) The member demands that the association bring an action to
14 enforce the right; and

15 (2) Any of the following occur:

16 (A) the association does not, within ninety (90) days
17 after the member makes the demand, agree to bring the
18 action;

19 (B) the association notifies the member that it has
20 rejected the demand;

21 (C) irreparable harm to the association would result by
22 waiting ninety (90) days after the member makes the
23 demand; or
24

1 (D) the association agrees to bring an action demanded and
2 fails to bring the action within a reasonable time.

3 SECTION 118. NEW LAW A new section of law to be codified
4 in the Oklahoma Statutes as Section 440-1302 of Title 18, unless
5 there is created a duplication in numbering, reads as follows:

6 PROPER PLAINTIFF.

7 (a) A derivative action to enforce a right of a limited
8 cooperative association may be maintained only by a person that:

9 (1) Is a member or a dissociated member at the time the action
10 is commenced and:

11 (A) was a member when the conduct giving rise to the
12 action occurred; or

13 (B) whose status as a member devolved upon the person by
14 operation of law or the organic rules from a person
15 that was a member at the time of the conduct; and

16 (2) Adequately represents the interests of the association.

17 (b) If the sole plaintiff in a derivative action dies while the
18 action is pending, the court may permit another member who meets the
19 requirements of subsection (a) of this section to be substituted as
20 plaintiff.

21 SECTION 119. NEW LAW A new section of law to be codified
22 in the Oklahoma Statutes as Section 440-1303 of Title 18, unless
23 there is created a duplication in numbering, reads as follows:

24

1 PLEADING. In a derivative action to enforce a right of a
2 limited cooperative association, the complaint must state:

3 (1) The date and content of the plaintiff's demand under
4 paragraph (1) of Section 117 of this act and the association's
5 response;

6 (2) If ninety (90) days have not expired since the demand, how
7 irreparable harm to the association would result by waiting for the
8 expiration of ninety (90) days; and

9 (3) If the association agreed to bring an action demanded, that
10 the action has not been brought within a reasonable time.

11 SECTION 120. NEW LAW A new section of law to be codified
12 in the Oklahoma Statutes as Section 440-1304 of Title 18, unless
13 there is created a duplication in numbering, reads as follows:

14 APPROVAL FOR DISCONTINUANCE OR SETTLEMENT. A derivative action
15 to enforce a right of a limited cooperative association may not be
16 discontinued or settled without the court's approval.

17 SECTION 121. NEW LAW A new section of law to be codified
18 in the Oklahoma Statutes as Section 440-1305 of Title 18, unless
19 there is created a duplication in numbering, reads as follows:

20 PROCEEDS AND EXPENSES.

21 (a) Except as otherwise provided in subsection (b) of this
22 section:

23 (1) Any proceeds or other benefits of a derivative action to
24 enforce a right of a limited cooperative association, whether by

1 judgment, compromise, or settlement, belong to the association and
2 not to the plaintiff; and

3 (2) If the plaintiff in the derivative action receives any
4 proceeds, the plaintiff shall immediately remit them to the
5 association.

6 (b) If a derivative action to enforce a right of a limited
7 cooperative association is successful in whole or in part, the court
8 may award the plaintiff reasonable expenses, including reasonable
9 attorney fees and costs, from the recovery of the association.

10 ARTICLE 14

11 FOREIGN COOPERATIVES

12 SECTION 122. NEW LAW A new section of law to be codified
13 in the Oklahoma Statutes as Section 440-1401 of Title 18, unless
14 there is created a duplication in numbering, reads as follows:

15 GOVERNING LAW.

16 (a) The law of the state or other jurisdiction under which a
17 foreign cooperative is organized governs relations among the members
18 of the foreign cooperative and between the members and the foreign
19 cooperative.

20 (b) A foreign cooperative may not be denied a certificate of
21 authority because of any difference between the law of the
22 jurisdiction under which the foreign cooperative is organized and
23 the law of this state.

24

1 (c) A certificate of authority does not authorize a foreign
2 cooperative to engage in any activity or exercise any power that a
3 limited cooperative association may not engage in or exercise in
4 this state.

5 SECTION 123. NEW LAW A new section of law to be codified
6 in the Oklahoma Statutes as Section 440-1402 of Title 18, unless
7 there is created a duplication in numbering, reads as follows:

8 APPLICATION FOR CERTIFICATE OF AUTHORITY.

9 (a) A foreign cooperative may apply for a certificate of
10 authority by delivering an application to the Secretary of State for
11 filing. The application must state:

12 (1) The name of the foreign cooperative and, if the name does
13 not comply with Section 11 of this act, an alternative name adopted
14 pursuant to Section 126 of this act;

15 (2) The name of the state or other jurisdiction under whose law
16 the foreign cooperative is organized;

17 (3) The street address and, if different, mailing address of
18 the principal office and, if the law of the jurisdiction under which
19 the foreign cooperative is organized requires the foreign
20 cooperative to maintain another office in that jurisdiction, the
21 street address and, if different, mailing address of the required
22 office;

23 (4) The street address and, if different, mailing address of
24 the foreign cooperative's designated office in this state, and the

1 name of the foreign cooperative's agent for service of process at
2 the designated office; and

3 (5) The name, street address and, if different, mailing address
4 of each of the foreign cooperative's current directors and officers.

5 (b) A foreign cooperative shall deliver with a completed
6 application under subsection (a) of this section a certificate of
7 good standing or a similar record signed by the Secretary of State
8 or other official having custody of the foreign cooperative's
9 publicly filed records in the state or other jurisdiction under
10 whose law the foreign cooperative is organized.

11 SECTION 124. NEW LAW A new section of law to be codified
12 in the Oklahoma Statutes as Section 440-1403 of Title 18, unless
13 there is created a duplication in numbering, reads as follows:

14 ACTIVITIES NOT CONSTITUTING TRANSACTING BUSINESS.

15 (a) Activities of a foreign cooperative which do not constitute
16 transacting business in this state under this article include:

17 (1) Maintaining, defending, and settling an action or
18 proceeding;

19 (2) Holding meetings of the foreign cooperative's members or
20 directors or carrying on any other activity concerning the foreign
21 cooperative's internal affairs;

22 (3) Maintaining accounts in financial institutions;

23 (4) Maintaining offices or agencies for the transfer, exchange,
24 and registration of the foreign cooperative's own securities or

1 maintaining trustees or depositories with respect to those
2 securities;

3 (5) Selling through independent contractors;

4 (6) Soliciting or obtaining orders, whether by mail or
5 electronic means, through employees, agents, or otherwise, if the
6 orders require acceptance outside this state before they become
7 contracts;

8 (7) Creating or acquiring indebtedness, mortgages, or security
9 interests in real or personal property;

10 (8) Securing or collecting debts or enforcing mortgages or
11 other security interests in property securing the debts, and
12 holding, protecting, and maintaining property so acquired;

13 (9) Conducting an isolated transaction that is completed within
14 thirty (30) days and is not one in the course of similar
15 transactions; and

16 (10) Transacting business in interstate commerce.

17 (b) For purposes of this article, the ownership in this state
18 of income-producing real property or tangible personal property,
19 other than property excluded under subsection (a) of this section,
20 constitutes transacting business in this state.

21 (c) This section does not apply in determining the contacts or
22 activities that may subject a foreign cooperative to service of
23 process, taxation, or regulation under law of this state other than
24 the Uniform Limited Cooperative Association Act.

1 SECTION 125. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 440-1404 of Title 18, unless
3 there is created a duplication in numbering, reads as follows:

4 ISSUANCE OF CERTIFICATE OF AUTHORITY. Unless the Secretary of
5 State determines that an application for a certificate of authority
6 does not comply with the filing requirements of the Uniform Limited
7 Cooperative Association Act, the Secretary of State, upon payment by
8 the foreign cooperative of all filing fees, shall file the
9 application, issue a certificate of authority, and send a copy of
10 the filed certificate, together with a receipt for the fees, to the
11 foreign cooperative or its representative.

12 SECTION 126. NEW LAW A new section of law to be codified
13 in the Oklahoma Statutes as Section 440-1405 of Title 18, unless
14 there is created a duplication in numbering, reads as follows:

15 NONCOMPLYING NAME OF FOREIGN COOPERATIVE.

16 (a) A foreign cooperative whose name does not comply with
17 Section 11 of this act may not obtain a certificate of authority
18 until it adopts, for the purpose of transacting business in this
19 state, an alternative name that complies with Section 11 of this
20 act. After obtaining a certificate of authority with an alternative
21 name, a foreign cooperative's business in this state must be
22 transacted under that name.

23 (b) If a foreign cooperative authorized to transact business in
24 this state changes its name to one that does not comply with Section

1 11 of this act, it may not thereafter transact business in this
2 state until it complies with subsection (a) of this section and
3 obtains an amended certificate of authority.

4 SECTION 127. NEW LAW A new section of law to be codified
5 in the Oklahoma Statutes as Section 440-1406 of Title 18, unless
6 there is created a duplication in numbering, reads as follows:

7 REVOCATION OF CERTIFICATE OF AUTHORITY.

8 (a) A certificate of authority may be revoked by the Secretary
9 of State in the manner provided in subsection (b) of this section if
10 the foreign cooperative does not:

11 (1) Pay, not later than sixty (60) days after the due date, any
12 fee, tax, or penalty due to the Secretary of State under the Uniform
13 Limited Cooperative Association Act or law of this state other than
14 the Uniform Limited Cooperative Association Act;

15 (2) Deliver, not later than sixty (60) days after the due date,
16 its annual report;

17 (3) Appoint and maintain an agent for service of process; or

18 (4) Deliver for filing a statement of change not later than
19 thirty (30) days after a change has occurred in the name of the
20 agent or the address of the foreign cooperative's designated office.

21 (b) To revoke a certificate of authority, the Secretary of
22 State must file a notice of revocation and send a copy to the
23 foreign cooperative's registered agent for service of process in
24 this state or, if the foreign cooperative does not appoint and

1 maintain an agent for service of process in this state, to the
2 foreign cooperative's principal office. The notice must state:

3 (1) The revocation's effective date, which must be at least
4 sixty (60) days after the date the Secretary of State sends the
5 copy; and

6 (2) The foreign cooperative's noncompliance that is the reason
7 for the revocation.

8 (c) The authority of a foreign cooperative to transact business
9 in this state ceases on the effective date of the notice of
10 revocation unless before that date the foreign cooperative cures
11 each failure to comply stated in the notice. If the foreign
12 cooperative cures the failures, the Secretary of State shall so
13 indicate on the filed notice.

14 SECTION 128. NEW LAW A new section of law to be codified
15 in the Oklahoma Statutes as Section 440-1407 of Title 18, unless
16 there is created a duplication in numbering, reads as follows:

17 CANCELLATION OF CERTIFICATE OF AUTHORITY; EFFECT OF FAILURE TO
18 HAVE CERTIFICATE.

19 (a) To cancel its certificate of authority, a foreign
20 cooperative must deliver to the Secretary of State for filing a
21 notice of cancellation. The certificate is canceled when the notice
22 becomes effective under Section 23 of this act.

23

24

1 (b) A foreign cooperative transacting business in this state
2 may not maintain an action or proceeding in this state unless it has
3 a certificate of authority.

4 (c) The failure of a foreign cooperative to have a certificate
5 of authority does not impair the validity of a contract or act of
6 the foreign cooperative or prevent the foreign cooperative from
7 defending an action or proceeding in this state.

8 (d) A member of a foreign cooperative is not liable for the
9 obligations of the foreign cooperative solely by reason of the
10 foreign cooperative's having transacted business in this state
11 without a certificate of authority.

12 (e) If a foreign cooperative transacts business in this state
13 without a certificate of authority or cancels its certificate, it
14 appoints the Secretary of State as its agent for service of process
15 for an action arising out of the transaction of business in this
16 state.

17 SECTION 129. NEW LAW A new section of law to be codified
18 in the Oklahoma Statutes as Section 440-1408 of Title 18, unless
19 there is created a duplication in numbering, reads as follows:

20 ACTION BY ATTORNEY GENERAL. The Attorney General may maintain
21 an action to restrain a foreign cooperative from transacting
22 business in this state in violation of this article.

23 ARTICLE 15

24 DISPOSITION OF ASSETS

1 SECTION 130. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 440-1501 of Title 18, unless
3 there is created a duplication in numbering, reads as follows:

4 DISPOSITION OF ASSETS NOT REQUIRING MEMBER APPROVAL. Unless the
5 articles of organization otherwise provide, member approval under
6 Section 131 of this act is not required for a limited cooperative
7 association to:

8 (1) Sell, lease, exchange, license, or otherwise dispose of all
9 or any part of the assets of the association in the usual and
10 regular course of business; or

11 (2) Mortgage, pledge, dedicate to the repayment of
12 indebtedness, or encumber in any way all or any part of the assets
13 of the association whether or not in the usual and regular course of
14 business.

15 SECTION 131. NEW LAW A new section of law to be codified
16 in the Oklahoma Statutes as Section 440-1502 of Title 18, unless
17 there is created a duplication in numbering, reads as follows:

18 MEMBER APPROVAL OF OTHER DISPOSITION OF ASSETS. A sale, lease,
19 exchange, license, or other disposition of assets of a limited
20 cooperative association, other than a disposition described in
21 Section 130 of this act, requires approval of the association's
22 members under Sections 132 and 133 of this act if the disposition
23 leaves the association without significant continuing business
24 activity.

1 SECTION 132. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 440-1503 of Title 18, unless
3 there is created a duplication in numbering, reads as follows:

4 NOTICE AND ACTION ON DISPOSITION OF ASSETS. For a limited
5 cooperative association to dispose of assets under Section 131 of
6 this act:

7 (1) A majority of the board of directors, or a greater
8 percentage if required by the organic rules, must approve the
9 proposed disposition; and

10 (2) The board of directors must call a members meeting to
11 consider the proposed disposition, hold the meeting not later than
12 ninety (90) days after approval of the proposed disposition by the
13 board, and mail or otherwise transmit or deliver in a record to each
14 member:

15 (A) the terms of the proposed disposition;

16 (B) a recommendation that the members approve the
17 disposition, or if the board determines that because
18 of conflict of interest or other special circumstances
19 it should not make a favorable recommendation, the
20 basis for that determination;

21 (C) a statement of any condition of the board's submission
22 of the proposed disposition to the members; and

23 (D) notice of the meeting at which the proposed
24 disposition will be considered, which must be given in

1 the same manner as notice of a special meeting of
2 members.

3 SECTION 133. NEW LAW A new section of law to be codified
4 in the Oklahoma Statutes as Section 440-1504 of Title 18, unless
5 there is created a duplication in numbering, reads as follows:

6 DISPOSITION OF ASSETS.

7 (a) Subject to subsection (b) of this section, a disposition of
8 assets under Section 131 of this act must be approved by:

9 (1) At least two-thirds (2/3) of the voting power of members
10 present at a members meeting called under paragraph (2) of Section
11 132 of this act; and

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

16 (b) The organic rules may require that the percentage of votes
17 under paragraph (1) of subsection (a) of this section is:

18 (1) A different percentage that is not less than a majority of
19 members voting at the meeting;

20 (2) Measured against the voting power of all members; or

21 (3) A combination of paragraphs (1) and (2) of this subsection.

22 (c) Subject to any contractual obligations, after a disposition
23 of assets is approved and at any time before the consummation of the
24 disposition, a limited cooperative association may approve an

1 amendment to the contract for disposition or the resolution
2 authorizing the disposition or approve abandonment of the
3 disposition:

- 4 (1) As provided in the contract or the resolution; and
- 5 (2) Except as prohibited by the resolution, with the same
6 affirmative vote of the board of directors and of the members as was
7 required to approve the disposition.

8 (d) The voting requirements for districts, classes, or voting
9 groups under Section 36 of this act apply to approval of a
10 disposition of assets under this article.

11 ARTICLE 16

12 CONVERSION AND MERGER

13 SECTION 134. NEW LAW A new section of law to be codified
14 in the Oklahoma Statutes as Section 440-1601 of Title 18, unless
15 there is created a duplication in numbering, reads as follows:

16 DEFINITIONS. In this article:

17 (1) "Constituent entity" means an entity that is a party to a
18 merger.

19 (2) "Constituent limited cooperative association" means a
20 limited cooperative association that is a party to a merger.

21 (3) "Converted entity" means the organization into which a
22 converting entity converts pursuant to Sections 135 through 138 of
23 this act.

24

1 (4) "Converting entity" means an entity that converts into
2 another entity pursuant to Sections 135 through 138 of this act.

3 (5) "Converting limited cooperative association" means a
4 converting entity that is a limited cooperative association.

5 (6) "Organizational documents" means articles of incorporation,
6 bylaws, articles of organization, operating agreements, partnership
7 agreements, or other documents serving a similar function in the
8 creation and governance of an entity.

9 (7) "Personal liability" means personal liability for a debt,
10 liability, or other obligation of an entity imposed, by operation of
11 law or otherwise, on a person that co-owns or has an interest in the
12 entity:

13 (A) by the entity's organic law solely because of the
14 person co-owning or having an interest in the entity;
15 or

16 (B) by the entity's organizational documents under a
17 provision of the entity's organic law authorizing
18 those documents to make one or more specified persons
19 liable for all or specified parts of the entity's
20 debts, liabilities, and other obligations solely
21 because the person co-owns or has an interest in the
22 entity.

23

24

1 (8) "Surviving entity" means an entity into which one or more
2 other entities are merged, whether the entity existed before the
3 merger or is created by the merger.

4 SECTION 135. NEW LAW A new section of law to be codified
5 in the Oklahoma Statutes as Section 440-1602 of Title 18, unless
6 there is created a duplication in numbering, reads as follows:

7 CONVERSION.

8 (a) An entity that is not a limited cooperative association may
9 convert to a limited cooperative association and a limited
10 cooperative association may convert to an entity that is not a
11 limited cooperative association pursuant to this section, Sections
12 136 through 138 of this act, and a plan of conversion, if:

13 (1) The other entity's organic law authorizes the conversion;

14 (2) The conversion is not prohibited by the law of the
15 jurisdiction that enacted the other entity's organic law; and

16 (3) The other entity complies with its organic law in effecting
17 the conversion.

18 (b) A plan of conversion must be in a record and must include:

19 (1) The name and form of the entity before conversion;

20 (2) The name and form of the entity after conversion;

21 (3) The terms and conditions of the conversion, including the
22 manner and basis for converting interests in the converting entity
23 into any combination of money, interests in the converted entity,
24 and other consideration; and

1 (4) The organizational documents of the proposed converted
2 entity.

3 SECTION 136. NEW LAW A new section of law to be codified
4 in the Oklahoma Statutes as Section 440-1603 of Title 18, unless
5 there is created a duplication in numbering, reads as follows:

6 ACTION ON PLAN OF CONVERSION BY CONVERTING LIMITED COOPERATIVE
7 ASSOCIATION.

8 (a) For a limited cooperative association to convert to another
9 entity, a plan of conversion must be approved by a majority of the
10 board of directors, or a greater percentage if required by the
11 organic rules, and the board of directors must call a members
12 meeting to consider the plan of conversion, hold the meeting not
13 later than ninety (90) days after approval of the plan by the board,
14 and mail or otherwise transmit or deliver in a record to each
15 member:

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

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

23 (3) A statement of any condition of the board's submission of
24 the plan of conversion to the members; and

1 (4) Notice of the meeting at which the plan of conversion will
2 be considered, which must be given in the same manner as notice of a
3 special meeting of members.

4 (b) Subject to subsections (c) and (d) of this section, a plan
5 of conversion must be approved by:

6 (1) At least two-thirds (2/3) of the voting power of members
7 present at a members meeting called under subsection (a) of this
8 section; and

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

13 (c) The organic rules may require that the percentage of votes
14 under paragraph (1) of subsection (b) of this section is:

15 (1) A different percentage that is not less than a majority of
16 members voting at the meeting;

17 (2) Measured against the voting power of all members; or

18 (3) A combination of paragraphs (1) and (2) of this subsection.

19 (d) The vote required to approve a plan of conversion may not
20 be less than the vote required for the members of the limited
21 cooperative association to amend the articles of organization.

22 (e) Consent in a record to a plan of conversion by a member
23 must be delivered to the limited cooperative association before
24

1 delivery of articles of conversion for filing if as a result of the
2 conversion the member will have:

- 3 (1) Personal liability for an obligation of the association; or
- 4 (2) An obligation or liability for an additional contribution.

5 (f) Subject to subsection (e) of this section and any
6 contractual rights, after a conversion is approved and at any time
7 before the effective date of the conversion, a converting limited
8 cooperative association may amend a plan of conversion or abandon
9 the planned conversion:

- 10 (1) As provided in the plan; and
- 11 (2) Except as prohibited by the plan, by the same affirmative
12 vote of the board of directors and of the members as was required to
13 approve the plan.

14 (g) The voting requirements for districts, classes, or voting
15 groups under Section 36 of this act apply to approval of a
16 conversion under this article.

17 SECTION 137. NEW LAW A new section of law to be codified
18 in the Oklahoma Statutes as Section 440-1604 of Title 18, unless
19 there is created a duplication in numbering, reads as follows:

20 FILINGS REQUIRED FOR CONVERSION; EFFECTIVE DATE.

21 (a) After a plan of conversion is approved:

- 22 (1) A converting limited cooperative association shall deliver
23 to the Secretary of State for filing articles of conversion, which
24 must include:

- 1 (A) a statement that the limited cooperative association
2 has been converted into another entity;
- 3 (B) the name and form of the converted entity and the
4 jurisdiction of its governing statute;
- 5 (C) the date the conversion is effective under the
6 governing statute of the converted entity;
- 7 (D) a statement that the conversion was approved as
8 required by the Uniform Limited Cooperative
9 Association Act;
- 10 (E) a statement that the conversion was approved as
11 required by the governing statute of the converted
12 entity; and
- 13 (F) if the converted entity is an entity organized in a
14 jurisdiction other than this state and is not
15 authorized to transact business in this state, the
16 street address and, if different, mailing address of
17 an office which the Secretary of State may use for
18 purposes of Section 20 of this act; and

19 (2) If the converting entity is not a converting limited
20 cooperative association, the converting entity shall deliver to the
21 Secretary of State for filing articles of organization, which must
22 include, in addition to the information required by Section 30 of
23 this act:

24

- 1 (A) a statement that the association was converted from
2 another entity;
- 3 (B) the name and form of the converting entity and the
4 jurisdiction of its governing statute; and
- 5 (C) a statement that the conversion was approved in a
6 manner that complied with the converting entity's
7 governing statute.

8 (b) A conversion becomes effective:

9 (1) If the converted entity is a limited cooperative
10 association, when the articles of conversion take effect pursuant to
11 subsection (c) of Section 23 of this act; or

12 (2) If the converted entity is not a limited cooperative
13 association, as provided by the governing statute of the converted
14 entity.

15 SECTION 138. NEW LAW A new section of law to be codified
16 in the Oklahoma Statutes as Section 440-1605 of Title 18, unless
17 there is created a duplication in numbering, reads as follows:

18 EFFECT OF CONVERSION.

19 (a) An entity that has been converted pursuant to this article
20 is for all purposes the same entity that existed before the
21 conversion and is not a new entity but, after conversion, is
22 organized under the organic law of the converted entity and is
23 subject to that law and other law as it applies to the converted
24 entity.

1 (b) When a conversion takes effect under this article:

2 (1) All property owned by the converting entity remains vested
3 in the converted entity;

4 (2) All debts, liabilities, and other obligations of the
5 converting entity continue as obligations of the converted entity;

6 (3) An action or proceeding pending by or against the
7 converting entity may be continued as if the conversion had not
8 occurred;

9 (4) Except as prohibited by other law, all the rights,
10 privileges, immunities, powers, and purposes of the converting
11 entity remain vested in the converted entity;

12 (5) Except as otherwise provided in the plan of conversion, the
13 terms and conditions of the plan of conversion take effect; and

14 (6) Except as otherwise provided in the plan of conversion, the
15 conversion does not dissolve a converting limited cooperative
16 association for purposes of Article 12 of this act.

17 (c) A converted entity that is an entity organized under the
18 laws of a jurisdiction other than this state consents to the
19 jurisdiction of the courts of this state to enforce any obligation
20 owed by the converting limited cooperative association if, before
21 the conversion, the converting limited cooperative association was
22 subject to suit in this state on the obligation. A converted entity
23 that is an entity organized under the laws of a jurisdiction other
24 than this state and not authorized to transact business in this

1 state appoints the Secretary of State as its agent for service of
2 process for purposes of enforcing an obligation under this
3 subsection. Service on the Secretary of State under this subsection
4 is made in the same manner and with the same consequences as under
5 subsections (c) and (d) of Section 20 of this act.

6 SECTION 139. NEW LAW A new section of law to be codified
7 in the Oklahoma Statutes as Section 440-1606 of Title 18, unless
8 there is created a duplication in numbering, reads as follows:

9 MERGER.

10 (a) One or more limited cooperative associations may merge with
11 one or more other entities pursuant to this article and a plan of
12 merger if:

13 (1) The governing statute of each of the other entities
14 authorizes the merger;

15 (2) The merger is not prohibited by the law of a jurisdiction
16 that enacted any of those governing statutes; and

17 (3) Each of the other entities complies with its governing
18 statute in effecting the merger.

19 (b) A plan of merger must be in a record and must include:

20 (1) The name and form of each constituent entity;

21 (2) The name and form of the surviving entity and, if the
22 surviving entity is to be created by the merger, a statement to that
23 effect;

24

1 (3) The terms and conditions of the merger, including the
2 manner and basis for converting the interests in each constituent
3 entity into any combination of money, interests in the surviving
4 entity, and other consideration;

5 (4) If the surviving entity is to be created by the merger, the
6 surviving entity's organizational documents;

7 (5) If the surviving entity is not to be created by the merger,
8 any amendments to be made by the merger to the surviving entity's
9 organizational documents; and

10 (6) If a member of a constituent limited cooperative
11 association will have personal liability with respect to a surviving
12 entity, the identity of the member by descriptive class or other
13 reasonable manner.

14 SECTION 140. NEW LAW A new section of law to be codified
15 in the Oklahoma Statutes as Section 440-1607 of Title 18, unless
16 there is created a duplication in numbering, reads as follows:

17 NOTICE AND ACTION ON PLAN OF MERGER BY CONSTITUENT LIMITED
18 COOPERATIVE ASSOCIATION.

19 (a) For a limited cooperative association to merge with another
20 entity, a plan of merger must be approved by a majority vote of the
21 board of directors or a greater percentage if required by the
22 association's organic rules.

23 (b) The board of directors shall call a members meeting to
24 consider a plan of merger approved by the board, hold the meeting

1 not later than ninety (90) days after approval of the plan by the
2 board, and mail or otherwise transmit or deliver in a record to each
3 member:

4 (1) The plan of merger, or a summary of the plan and a
5 statement of the manner in which a copy of the plan in a record may
6 be reasonably obtained by a member;

7 (2) A recommendation that the members approve the plan of
8 merger, or if the board determines that because of conflict of
9 interest or other special circumstances it should not make a
10 favorable recommendation, the basis for that determination;

11 (3) A statement of any condition of the board's submission of
12 the plan of merger to the members; and

13 (4) Notice of the meeting at which the plan of merger will be
14 considered, which must be given in the same manner as notice of a
15 special meeting of members.

16 SECTION 141. NEW LAW A new section of law to be codified
17 in the Oklahoma Statutes as Section 440-1608 of Title 18, unless
18 there is created a duplication in numbering, reads as follows:

19 APPROVAL OR ABANDONMENT OF MERGER BY MEMBERS.

20 (a) Subject to subsections (b) and (c) of this section, a plan
21 of merger must be approved by:

22 (1) At least two-thirds (2/3) of the voting power of members
23 present at a members meeting called under subsection (b) of Section
24 140 of this act; and

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

5 (b) The organic rules may provide that the percentage of votes
6 under paragraph (1) of subsection (a) of this section is:

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

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

10 (3) A combination of paragraphs (1) and (2) of this subsection.

11 (c) The vote required to approve a plan of merger may not be
12 less than the vote required for the members of the limited
13 cooperative association to amend the articles of organization.

14 (d) Consent in a record to a plan of merger by a member must be
15 delivered to the limited cooperative association before delivery of
16 articles of merger for filing pursuant to Section 142 of this act if
17 as a result of the merger the member will have:

18 (1) Personal liability for an obligation of the association; or

19 (2) An obligation or liability for an additional contribution.

20 (e) Subject to subsection (d) of this section and any
21 contractual rights, after a merger is approved, and at any time
22 before the effective date of the merger, a limited cooperative
23 association that is a party to the merger may approve an amendment
24 to the plan of merger or approve abandonment of the planned merger:

1 (1) As provided in the plan; and

2 (2) Except as prohibited by the plan, with the same affirmative
3 vote of the board of directors and of the members as was required to
4 approve the plan.

5 (f) The voting requirements for districts, classes, or voting
6 groups under Section 36 of this act apply to approval of a merger
7 under this article.

8 SECTION 142. NEW LAW A new section of law to be codified
9 in the Oklahoma Statutes as Section 440-1609 of Title 18, unless
10 there is created a duplication in numbering, reads as follows:

11 FILINGS REQUIRED FOR MERGER; EFFECTIVE DATE.

12 (a) After each constituent entity has approved a merger,
13 articles of merger must be signed on behalf of each constituent
14 entity by an authorized representative.

15 (b) The articles of merger must include:

16 (1) The name and form of each constituent entity and the
17 jurisdiction of its governing statute;

18 (2) The name and form of the surviving entity, the jurisdiction
19 of its governing statute, and, if the surviving entity is created by
20 the merger, a statement to that effect;

21 (3) The date the merger is effective under the governing
22 statute of the surviving entity;

23 (4) If the surviving entity is to be created by the merger and:
24

1 (A) will be a limited cooperative association, the limited
2 cooperative association's articles of organization; or
3 (B) will be an entity other than a limited cooperative
4 association, the organizational document that creates
5 the entity;

6 (5) If the surviving entity is not created by the merger, any
7 amendments provided for in the plan of merger to the organizational
8 document that created the entity;

9 (6) A statement as to each constituent entity that the merger
10 was approved as required by the entity's governing statute;

11 (7) If the surviving entity is a foreign organization not
12 authorized to transact business in this state, the street address
13 and, if different, mailing address of an office which the Secretary
14 of State may use for the purposes of Section 20 of this act; and

15 (8) Any additional information required by the governing
16 statute of any constituent entity.

17 (c) Each limited cooperative association that is a party to a
18 merger shall deliver the articles of merger to the Secretary of
19 State for filing.

20 (d) A merger becomes effective under this article:

21 (1) If the surviving entity is a limited cooperative
22 association, upon the later of:

23 (A) compliance with subsection (c) of this section; or
24

1 (B) subject to subsection (c) of Section 23 of this act,
2 as specified in the articles of merger; or

3 (2) If the surviving entity is not a limited cooperative
4 association, as provided by the governing statute of the surviving
5 entity.

6 SECTION 143. NEW LAW A new section of law to be codified
7 in the Oklahoma Statutes as Section 440-1610 of Title 18, unless
8 there is created a duplication in numbering, reads as follows:

9 EFFECT OF MERGER.

10 (a) When a merger becomes effective:

11 (1) The surviving entity continues or comes into existence;

12 (2) Each constituent entity that merges into the surviving
13 entity ceases to exist as a separate entity;

14 (3) All property owned by each constituent entity that ceases
15 to exist vests in the surviving entity;

16 (4) All debts, liabilities, and other obligations of each
17 constituent entity that ceases to exist continue as obligations of
18 the surviving entity;

19 (5) An action or proceeding pending by or against any
20 constituent entity that ceases to exist may be continued as if the
21 merger had not occurred;

22 (6) Except as prohibited by law other than the Uniform Limited
23 Cooperative Association Act, all rights, privileges, immunities,
24

1 powers, and purposes of each constituent entity that ceases to exist
2 vest in the surviving entity;

3 (7) Except as otherwise provided in the plan of merger, the
4 terms and conditions of the plan take effect;

5 (8) Except as otherwise provided in the plan of merger, if a
6 merging limited cooperative association ceases to exist, the merger
7 does not dissolve the association for purposes of Article 12 of this
8 act;

9 (9) If the surviving entity is created by the merger and:

10 (A) is a limited cooperative association, the articles of
11 organization become effective; or

12 (B) is an entity other than a limited cooperative
13 association, the organizational document that creates
14 the entity becomes effective; and

15 (10) If the surviving entity is not created by the merger, any
16 amendments made by the articles of merger for the organizational
17 documents of the surviving entity become effective.

18 (b) A surviving entity that is an entity organized under the
19 laws of a jurisdiction other than this state consents to the
20 jurisdiction of the courts of this state to enforce any obligation
21 owed by the constituent entity if, before the merger, the
22 constituent entity was subject to suit in this state on the
23 obligation. A surviving entity that is an entity organized under
24 the laws of a jurisdiction other than this state and not authorized

1 to transact business in this state appoints the Secretary of State
2 as its agent for service of process for purposes of enforcing an
3 obligation under this subsection. Service on the Secretary of State
4 under this subsection is made in the same manner and with the same
5 consequences as in subsections (c) and (d) of Section 20 of this
6 act.

7 SECTION 144. NEW LAW A new section of law to be codified
8 in the Oklahoma Statutes as Section 440-1611 of Title 18, unless
9 there is created a duplication in numbering, reads as follows:

10 CONSOLIDATION.

11 (a) Constituent entities that are limited cooperative
12 associations or foreign cooperatives may agree to call a merger a
13 consolidation under this article.

14 (b) All provisions governing mergers or using the term merger
15 in this act apply equally to mergers that the constituent entities
16 choose to call consolidations under subsection (a) of this section.

17 SECTION 145. NEW LAW A new section of law to be codified
18 in the Oklahoma Statutes as Section 440-1612 of Title 18, unless
19 there is created a duplication in numbering, reads as follows:

20 ARTICLE NOT EXCLUSIVE. This article does not prohibit a limited
21 cooperative association from being converted or merged under law
22 other than the Uniform Limited Cooperative Association Act.

23 ARTICLE 17

24 MISCELLANEOUS PROVISIONS

1 SECTION 146. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 440-1701 of Title 18, unless
3 there is created a duplication in numbering, reads as follows:

4 UNIFORMITY OF APPLICATION AND CONSTRUCTION. In applying and
5 construing this uniform act, consideration must be given to the need
6 to promote uniformity of the law with respect to its subject matter
7 among states that enact it.

8 SECTION 147. NEW LAW A new section of law to be codified
9 in the Oklahoma Statutes as Section 440-1702 of Title 18, unless
10 there is created a duplication in numbering, reads as follows:

11 RELATION TO ELECTRONIC SIGNATURES IN GLOBAL AND NATIONAL
12 COMMERCE ACT. The Uniform Limited Cooperative Association Act
13 modifies, limits, or supersedes the federal Electronic Signatures in
14 Global and National Commerce Act, 15 U.S.C., Section 7001 et seq.,
15 but does not modify, limit, or supersede Section 101(c) of that act,
16 15 U.S.C., Section 7001(c) or authorize electronic delivery of any
17 of the notices described in Section 103(b) of that act, 15 U.S.C.,
18 Section 7003(b).

19 SECTION 148. NEW LAW A new section of law to be codified
20 in the Oklahoma Statutes as Section 440-1703 of Title 18, unless
21 there is created a duplication in numbering, reads as follows:

22 SAVINGS CLAUSE. The Uniform Limited Cooperative Association Act
23 does not affect an action or proceeding commenced, or right accrued,
24 before November 1, 2008.

1 SECTION 149. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 440-1704 of Title 18, unless
3 there is created a duplication in numbering, reads as follows:

4 ACT DEEMED AMENDMENT OF CONSTITUTION. It is the intent of the
5 Legislature that the Uniform Limited Cooperative Association Act be
6 an amendment to, and alteration of, Sections 18 through 34,
7 inclusive, of Article IX of the Constitution of the State of
8 Oklahoma, as authorized by Section 35 of Article IX of the
9 Constitution of the State of Oklahoma.

10 SECTION 150. AMENDATORY 18 O.S. 2001, Section 435, is
11 amended to read as follows:

12 Section 435. No person, firm or association, nor any
13 corporation other than such as shall be organized ~~under this act~~
14 pursuant to Sections 421 through 439.2 of this title or pursuant to
15 the Uniform Limited Cooperative Association Act, shall make use of
16 the word "cooperative", in the name under which its or their
17 business is carried on. Whoever shall violate the provisions of
18 this ~~act~~ section shall be punishable by fine of not exceeding One
19 Hundred Dollars (\$100.00) for each offense. The violation of this
20 section may furthermore be enjoined at the suit of any citizen of
21 the state.

22 SECTION 151. This act shall become effective November 1, 2008.
23
24

1 Passed the House of Representatives the 6th day of March, 2008.

2
3
4 Presiding Officer of the House of
Representatives

5
6 Passed the Senate the ____ day of _____, 2008.

7
8
9 Presiding Officer of the Senate