

ENROLLED SENATE  
BILL NO. 1708

By: Coffee and Gumm of the  
Senate

and

Duncan, Pittman and  
Luttrell of the House

An Act relating to uniform law; amending Section 16, Chapter 139, O.S.L. 2005 (12A O.S. Supp. 2007, Section 1-303), which relates to negotiable instruments; modifying statutory references; amending 12A O.S. 2001, Sections 3-103, 3-106, 3-116, 3-119, 3-305, 3-309, 3-312, 3-419, 3-602, 3-604 and 3-605, which relate to Article 3 of the Uniform Commercial Code pertaining to negotiable instruments; adding definitions; removing definitions covered by other articles; modifying terminology to reflect inscription of information in medium other than written document; eliminating certain discharge provision covered by another provision of law; providing for consistency in application of laws; modifying circumstances for which a person not in possession of an instrument is entitled to enforcement; providing effect of signature by accommodation party; providing for recourse by accommodation party against accommodated party; providing effect of payment if payment is to person formerly entitled to enforcement; providing adequacy of notice; providing when payment discharges obligation; providing that transferees and certain other parties are deemed to have notice of payment after certain date; defining term; providing for discharge of secondary obligors; amending 12A O.S. 2001, Sections 4-102, 4-104, as amended by Section 56, Chapter 140, O.S.L. 2005, 4-105, 4-212, 4-301 and

4-403 (12A O.S. Supp. 2007, Section 4-104), which relate to Article 4 of the Uniform Commercial Code which pertains to bank deposits and collections; stating applicable law for certain liability; eliminating definition now covered by another article; modifying reference to definition in another article; modifying terminology to reflect inscription of information in medium other than written document; modifying circumstances under which payor bank may revoke settlement and recover any settlement made; amending 12A O.S. 2001, Section 4A-505, which relates to period of objection to debit of consumer accounts; allowing for modification of period, with limitation; amending 12A O.S. 2001, Section 7-209, as amended by Section 14, Chapter 140, O.S.L. 2005 (12A O.S. Supp. 2007, Section 7-209), which relates to warehouse liens; correcting language relating to persons against whom lien or security interest is not effective; creating the Uniform Limited Cooperative Association Act; providing short title; defining terms; making certain associations subject to modification or repeal of the Uniform Limited Cooperative Association Act; specifying the nature of a limited cooperative association; providing allowable purpose and duration of a limited cooperative association; providing powers; providing governing law; providing supplemental principals of law; providing for requirements of other laws; providing relation to restraint of trade and antitrust laws; authorizing the use of the term cooperative; providing requirements for the name of a limited cooperative association; providing for enforcement; providing procedure for authorization to use a name that is not available; providing for reservation of name; providing for effect of organic rules; providing for variances; requiring certain information to be maintained by a limited cooperative association; allowing a member to lend money to and transact other business with a limited cooperative association, subject to certain limitations; allowing for dual interests; requiring designated office and designated agent for service of process; providing

procedure and requirements for change of designated office, agent for service of process, or address; providing procedure and requirements for resignation of agent for service of process; providing duties of agent for service of process; providing that the Secretary of State is agent for service of process in certain circumstances; providing procedure for service of process; providing when service is effected; requiring Secretary of State to maintain certain records regarding service of process; providing for service of process in any manner provided by law; requiring signing of certain records; providing for filing and signing of records pursuant to judicial order; providing requirements for records delivered to the Secretary of State; providing for certified copies; authorizing specification of effective time and delayed effective date; providing effective time and date if not specified; providing procedure and requirements for correcting filed records; providing when correction is effective; providing liability for filing of inaccurate information; providing procedure and requirements for obtaining certificate of good standing; requiring annual reports to the Secretary of State and specifying contents; providing time of delivery of annual report; providing procedure if annual report does not contain required information; providing procedure if a limited cooperative association fails to deliver an annual report; providing filing fee; providing requirements and procedure for formation of limited cooperative association; providing requirements for articles of organization; allowing additional provisions; providing for effective time and date; providing for statements of cancellation; providing for organizational meetings; providing for initial directors; providing requirements for bylaws; providing for amendment of organic rules and bylaws; providing that organic rules do not give members vested property right, unless otherwise provided in organic rules; providing procedure and requirements for amendment of organic rules; providing method of

voting on amendment of organic rules; providing procedures if organic rules provide for voting by district or class; providing requirements for approval of amendments to the articles of organization; authorizing restated articles of organization; providing requirements for amendment or restatement of articles of organization; providing for members; requiring minimum number of members; providing methods of becoming a member; providing that a member is not liable for debts, obligations, or other liability of a limited cooperative association; providing for right of member and former member to information; providing procedure for obtaining information; authorizing association to decline to provide certain information more than once during certain period of time; providing procedure for association to provide or decline to provide information; authorizing limited cooperative association to impose restrictions on use of information; authorizing association to charge fees for costs associated with providing the information; allowing organic rules to require provision of additional information; requiring annual meetings; allowing members to attend or conduct meetings through any means of communication under certain circumstances; providing for special meetings; providing for notice to members of meeting; requiring notice within certain time; requiring notice of purpose of special meeting; authorizing waiver of notice; providing for a quorum; providing for determination of voting power of patron member; providing for voting by investor members; providing voting requirements if association has both patron and investor members; providing manner of voting; prohibiting voting by proxy unless authorized by the organic rules of the association; authorizing organic rules to provide for voting by mail or other means; authorizing taking of action without meeting if members entitled to vote consent, subject to organic rules; authorizing organic rules to require that action be taken only at member meetings; authorizing organic rules to provide for formation of geographic

districts of patron members; stating purposes; providing for voting power of a district delegate; authorizing the organic rules to provide for the establishment of classes of members; stating purposes; providing for voting power of a class delegate; providing interest of member in limited cooperative association; providing interest of patron and investor members; providing for transferability of interest; providing for creation of enforceable security interest in certain rights; prohibiting creation of enforceable security interest in certain right unless otherwise provided in the organic rules; authorizing the organic rules to provide for certain security interest; prohibiting member from compelling certain offset, subject to the organic rules providing otherwise; providing for charging orders for judgment creditor of a member or transferee; providing authority of the court; providing for extinguishment of charging order; authorizing the limited cooperative association or members not subject to the charging order to pay the judgment creditor; requiring certain consent; making charging order procedures the exclusive remedy of the judgment creditor of a member or transferee; providing for marketing contracts; providing for transfer of title under marketing contract; authorizing certain provisions in marketing contract; providing for provisions relating to marketing contract in organic rules; providing for duration of marketing contract; authorizing marketing contracts to be self-renewing; limiting initial duration and duration of renewal; providing for termination of marketing contract; providing remedies for breach of contract; providing for directors and officers; requiring a board of directors; providing for number of directors; providing for management of the association; authorizing adoption of policies and procedures; providing that being a director does not make an individual an agent for the association; providing that director is not liable for debt, obligation or other liability of association solely by reason of being a director; providing for qualifications of

directors; providing for nonmember directors if provided for in the organic rules; providing for composition and election of the board of directors; authorizing appointment if a class of members consists of a single member; prohibiting cumulative voting for directors, unless provided for in the organic rules; requiring member directors to be elected at annual members meeting, with exceptions; providing for term of director; providing for resignation of director; providing for removal of director; providing for suspension of director by the board; providing reasons for suspension; providing duration of suspension; providing for filling of vacancy on board of directors; providing for remuneration of directors and nondirector committee members; providing for meetings of board of directors; requiring annual meeting; authorizing meetings outside state; permitting directors to attend or conduct board meetings through use of any means of communication under certain circumstances; providing for taking of action by the board without a meeting, if each member consents in a record; providing for withdrawal of consent before a certain time; providing for scheduling of regular board meetings; requiring notice of special meetings within a certain time, unless otherwise provided in the organic rules; specifying contents of notice; limiting special meeting to matters contained in statement of purpose; providing for waiver of notice; providing for objections; providing for a quorum; providing for voting; providing for creation of committees; providing rights, duties, and obligations of committee members; providing for powers of a committee; prohibiting committees from taking certain actions; providing for standards of conduct and liability of directors and members of committees; providing for conflicts of interest; providing factors directors may consider in determining the best interests of a limited cooperative association; authorizing directors and members of committees to obtain, inspect and copy certain information; providing for officers of a limited cooperative

association; providing for appointment or election of officers; providing for designation of officer for preparing records; providing for duties of officers; providing that election or appointment of officer does not create a contract between the association and the officer; authorizing holding of more than one office, subject to the organic rules; providing for removal and resignation of officers; providing for indemnification; providing for contributions, allocations and distributions; providing for establishment of certain contribution requirements; providing type of property that may be contributed; requiring certain information regarding contributions to be reflected in the records of the association; providing for determination of value of contribution; providing rules that apply to agreements to make contribution; allowing for agreement to provide otherwise; providing for allocations of profits and losses; providing for distributions to members; providing for redemption or repurchase of property distributed to members; providing restrictions on distributions; providing allowable distributions; providing for determination of effect of distribution; providing for indebtedness issued as distribution; limiting scope of distribution; providing liability for improper distributions; authorizing director against whom an action is commenced for improper distribution to implead others; providing statute of limitation on actions for improper distribution; providing exemption from securities law; providing for dissociation of a member; providing when dissociation is wrongful; providing liability of person who wrongfully dissociates; providing when member is dissociated from the association; providing effect of dissociation of a member; providing for rights of personal representative or other legal representative of member dissociated for certain reasons; providing for dissolution and winding up; providing for nonjudicial dissolution; providing for judicial dissolution; providing for voluntary dissolution before commencement of activity; providing procedure

for voluntary dissolution by board of directors and members; providing for winding up of activities; authorizing judicial supervision of winding up of the association; providing for appointment of person to wind up the activities of the association; requiring amendment to articles of organization to reflect appointment of person to wind up the activities of the association; providing for distribution of assets in winding up of business of the association; defining term; providing for disposition of known claims against dissolved association; providing for notification of known claimants; providing requirements for notice; providing when claims are barred; providing for other claims against dissolved association; providing for publication of notice; providing requirement of notice; providing for judicial proceeding; providing for notice of proceeding; authorizing court to appoint representative for claimants; providing that provision for security as ordered by the court satisfies the obligations of the association with respect to certain claims; providing for administrative dissolution by the Secretary of State; providing for reinstatement following administrative dissolution; providing when reinstatement becomes effective; providing procedure if Secretary of State denies reinstatement; authorizing appeal of the denial; providing for statement of dissolution; providing contents of statement of dissolution; providing for statement of termination; providing contents of statement of termination; authorizing members to maintain a derivative action in certain circumstances; requiring proper plaintiff; providing for determination of proper plaintiff; providing for substituting another plaintiff if original plaintiff dies while action is pending; requiring court approval to discontinue or settle a derivative action; providing for distribution of proceeds of derivative action; authorizing the court to award successful plaintiff reasonable expenses; providing for foreign cooperatives; providing governing law; authorizing foreign cooperatives to apply for



certificate of authority; providing procedure; providing application requirements; providing activities that do not constitute transacting business in this state; providing for issuance of certificate of authority; requiring foreign cooperative that has noncomplying name to adopt alternative name; authorizing the Secretary of State to revoke certificate of authority of foreign cooperative under certain circumstances; providing procedure; providing procedure for cancellation of certificate of authority of foreign cooperative; providing effect of failure to have certificate of authority; providing that the Secretary of State is the agent for service of process if a foreign cooperative does not have a certificate of authority; providing for disposition of assets; providing that disposition of assets in the usual and regular course of business does not require member approval unless otherwise provided in the articles of organization; providing circumstances in which member approval is required; providing procedure for approval of disposition of assets; providing approval requirements; providing for variance by organic rules; authorizing amendment to disposition; specifying that voting requirements are applicable for approval of disposition of assets; providing for conversion and merger; defining terms; authorizing conversion under certain circumstances; requiring a plan of conversion; providing requirements for plan of conversion; providing procedure and requirements for action on plan of conversion; providing required filings for conversion; providing requirements for articles of conversion; providing requirements for articles of organization; providing when conversion becomes effective; providing effect of conversion; authorizing merger under certain circumstances; providing requirements and procedures for merger; providing for plan of merger; providing requirements for approval of plan of merger; providing for variance by organic rules; authorizing amendment to plan of merger; authorizing abandonment of planned merger; specifying that voting requirements are

applicable to approval of merger; providing filings required for merger; specifying contents of articles of merger; providing when merger becomes effective; providing effect of merger; authorizing consolidation; providing that all provisions governing merger apply to consolidation; providing for conversion or merger pursuant to other law; providing for uniformity of application and construction; providing relation to the Electronic Signatures in Global and National Commerce Act; providing savings clause; providing that the Uniform Limited Cooperative Association Act is an amendment to, and alteration of, certain provisions of the Constitution of the State of Oklahoma; amending 18 O.S. 2001, Section 435, which relates to cooperatives; modifying permissibility of use of term cooperative; creating the Uniform Limited Partnership Act of 2008; providing short title; defining terms; providing what constitutes knowledge and notice; providing nature, purpose and duration of limited partnerships; providing powers; providing governing law and supplemental principles of law; providing interest rate if an obligation to pay interest arises; providing for name and reservation of name; providing effect of limited partnership agreements; providing nonwaivable provisions; requiring certain information to be maintained in the designated office of the limited partnership; authorizing certain business transactions between a partner and the limited partnership; authorizing a person to serve in dual capacity as both a general partner and a limited partner, subject to applicable obligations, duties and restrictions; requiring designation of office and agent for service of process; providing requirements for agent for service of process; providing method for change of designated office or agent for service of process; providing method for resignation of agent for service of process; providing duties of agent for service of process; providing that the Secretary of State shall act as agent for service of process in certain circumstances; providing procedure for service of process on Secretary of State; providing

when service is effected; allowing actions requiring the consent of partners without a meeting; authorizing proxies; providing for formation of limited partnerships; requiring delivery of a certificate to the Secretary of State; providing contents of certificate; providing when the limited partnership is formed; providing which document prevails if there is inconsistency between the certificate and certain other documents; providing procedure for amendment or restatement of certificate and providing when amendment or restatement is effective; providing for statements of termination; providing requirements for signing of records; providing for signing and filing pursuant to judicial order; providing requirements for records delivered to the Secretary of State; providing duties of the Secretary of State on filing; providing for effective time and date of filed records; providing procedure for correcting filed record; providing for contents of a statement of correction; providing liability for false information in filed record; providing for certificates of existence or authorization; requiring certain annual reports to the Secretary of State; providing delivery dates; providing for corrected reports; providing methods for becoming a limited partner; providing that a limited partner does not have the right or power to act for or bind the limited partnership; providing that a limited partner is not liable for the obligations of the limited partnership; providing for access to certain information by limited partners and persons dissociated as limited partners; authorizing reasonable restrictions on the use of information; providing for copying costs; providing duties of limited partners; providing that person who erroneously believed self to be a limited partner is not liable for obligations of a business enterprise in certain circumstances and upon meeting certain conditions; providing for becoming a general partner; providing that general partner is agent for limited partnership and that certain acts bind limited partnership; making limited partnership liable for

certain actionable conduct of general partner;  
providing for liability of a general partner;  
providing for actions by and against a limited  
partnership and general partners; providing for  
management rights for general partners; providing for  
certain reimbursements and interest on loans;  
providing that general partner is not entitled to  
remuneration for services performed for the  
partnership; providing for right of general partners  
and former general partners to information;  
authorizing reasonable restrictions on the use of  
information; providing for copying costs; providing  
standards of conduct for general partners; providing  
forms of contribution by partners; providing for  
obligation of partner to contribute to the limited  
partnership; providing for compromise of obligation  
upon consent of all partners; providing rights of  
creditors; providing for sharing of distributions;  
providing for interim distributions in certain  
circumstances; providing that a person does not have  
right to distribution because of dissociation;  
providing for right of persons entitled to  
distribution; providing that distribution is subject  
to offset; providing limitations on distributions;  
providing for effect of distributions and  
indebtedness; providing liability for improper  
distributions; providing certain options to a general  
manager against whom an action has been commenced;  
providing statute of limitations on certain actions;  
providing for dissociation as a limited partner;  
providing that person does not have right to  
dissociate as a limited partner before the  
termination of the limited partnership; providing  
when dissociation occurs; providing effect of  
dissociation as a limited partner; providing for  
dissociation as a general partner; providing when  
dissociation occurs; providing power of person to  
dissociate as a general partner; providing what  
constitutes wrongful dissociation as a general  
partner; providing effect of dissociation as a  
general partner; providing for liability of limited  
partnership for acts of dissociated general partner;

providing for liability of dissociated general partner; providing for transferable interests; providing that a transferable interest is personal property; allowing and providing effect of transfer of transferable interest; providing rights of transferee; providing rights retained by transferor; providing that a limited partnership does not have to give effect to the rights of the transferee in certain circumstances; providing that certain transfers are ineffective; providing for liability of transferee that becomes a partner with respect to a transferable interest; providing for rights of creditor of partner or transferee; providing exclusive remedy for judgment creditor; providing for power of estate of deceased partner; providing circumstances for nonjudicial dissolution; providing for judicial dissolution; providing for winding up activities after dissolution; providing acts occurring after dissolution which bind the limited partnership; providing liability of certain persons after dissolution; providing for known claims against a dissolved limited partnership; providing for notification of claimants; providing when claims are barred; providing for other claims against a dissolved limited partnership; providing for notice; providing requirements for notice; providing when claims are barred, with exceptions; providing for enforcement of claims not barred; providing that corresponding claims against certain persons are barred; providing for administrative dissolution by the Secretary of State in certain circumstances; providing procedure; providing that authority of agent for service of process does not terminate upon administrative dissolution; providing procedure for reinstatement following administrative dissolution; providing effect of reinstatement; providing procedure for appeal from denial of reinstatement; providing for distribution of assets of dissolved limited partnership; providing rules and procedure if the assets of a limited partnership are insufficient to satisfy all obligations; providing for liability of obligation of deceased individual; providing for

enforcement of obligation by assignee; providing for foreign limited partnerships; specifying the laws that govern foreign limited partnerships; providing procedure for application for certificate of authority for a foreign limited partnership; providing requirements for application; providing activities by foreign limited partnership that do and do not constitute transacting business; providing that activities that do not constitute transacting business do not determine contacts or activities that subject a foreign limited partnership to service of process, taxation, or regulation under other law; providing for filing of certificate of authority; requiring foreign limited partnership that has a name that is not in compliance with the Uniform Limited Partnership Act of 2007 to adopt complying name; providing circumstances and procedure for revocation of certificate of authority of a foreign limited partnership; providing when authority of foreign limited partnership ceases; providing procedure for cancellation by a foreign limited partnership of its certificate of authority to transact business; providing when cancellation is effective; providing that failure to have a certificate of authority prevents a foreign limited partnership from maintaining an action or proceeding in this state but does not prevent a foreign limited partnership from defending an action or proceeding in this state; providing that failure to have a certificate of authority does not impair the validity of a contract or act of a foreign limited partnership; providing that the transaction of business in this state by a foreign limited partnership does not make a partner of a foreign limited partnership liable for the obligations of the foreign limited partnership; providing that the Secretary of State is the agent for a foreign limited partnership in certain circumstances; authorizing the Attorney General to maintain certain actions against foreign limited partnerships; providing for actions by partners; providing for direct actions and derivative actions; providing qualifications for a proper plaintiff;

providing pleading requirements for derivative actions; providing for distribution of proceeds from a derivative action; authorizing the court to award the plaintiff certain expenses and fees in a derivative action; defining terms relating to conversion and merger; providing procedure for conversion of an organization to a limited partnership; providing requirements for plan of conversion; providing for amendment or abandonment of the plan; providing filings required for conversion; requiring delivery of filings to the Secretary of State; providing when conversion becomes effective; providing effect of conversion; authorizing certain mergers under certain conditions; providing requirements for plan of merger; providing for amendment or abandonment of the plan; providing filings required for merger; requiring delivery of filings to the Secretary of State; providing when merger becomes effective; providing effect of merger; providing restrictions on approval or conversions and mergers and on relinquishing of limited liability limited partnership status; providing liability of general partner after conversion or merger; providing powers of general partners and persons dissociated as general partners to bind organization after conversion or merger; providing that method of conversion or merger provided for in the Uniform Limited Partnership Act of 2007 does not preclude conversion or merger under other law; providing for uniformity of application and construction; providing relationship to certain federal act; providing for application to existing relationships; providing for actions commenced, proceedings brought and rights accrued before effective date of the Uniform Limited Partnership Act of 2007; defining terms; stating when a person or an organization has knowledge of a fact in certain situations; clarifying scope of certain provisions; stating when certain terms of a trust are valid and controlling; making trustees under a certain continuing duty; permitting certain transfer; requiring certain notice; permitting certain termination; stating requirements of certain notice;

permitting the court to intervene in certain circumstances; providing for jurisdiction in certain circumstances; creating the Oklahoma Uniform Anatomical Gift Act; providing short title; defining terms; providing for application; permitting anatomical gifts in certain circumstances; stating the manner by which certain persons may make an anatomical gift; clarifying validation of anatomical gifts in certain circumstances; providing for the amendment or revocation of an anatomical gift; stating requirements of certain records; permitting refusal to make an anatomical gift; prohibiting certain persons from making, amending or revoking an anatomical gift for another person in certain circumstances; permitting certain persons to make an anatomical gift for another person in certain circumstances; providing for certain objections; requiring certain notice of revocation; stating entities to which an anatomical gift may be made; providing for the passing of a gift in certain circumstances; requiring certain use of an anatomical gift in specified circumstances; prohibiting acceptance of an anatomical gift in certain circumstances; clarifying allocation of organs; requiring search of a person in certain circumstances; requiring certain document be sent to certain entity; prohibiting certain liability in specified circumstances; requiring examination and copying of certain document; directing certain access; permitting certain examinations in specified circumstances; requiring certain opportunity for revocation or amendment; permitting acceptance or rejection of an anatomical gift; prohibiting certain participation; directing certain agreement or affiliation; permitting certain fine or imprisonment in certain circumstances; authorizing certain charge; stating validation of certain document; authorizing the Department of Public Safety to establish or contract for certain registry; requiring certain cooperation; stating requirements of certain registry; providing for privacy of certain information; providing for certain conflict;



requiring certain compliance; providing for certain conflict; prohibiting certain removal; directing release of certain information in specified circumstances; permitting certain investigations; requiring certain agreement; permitting denial of recovery in certain circumstances; requiring certain reimbursement; directing uniform application and construction of act; stating relationship to certain federal laws; clarifying references; prohibiting compensation for certain persons in specified situation; amending 63 O.S. 2001, Section 2210, which relates to eye banks; updating obsolete language; repealing 12A O.S. 2001, Section 2-208, which relates to course of performance and practical construction; amending certain effective date; repealing 54 O.S. 2001, Sections 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 174, 177, 178, 181, 301, 302, 303, 304, 305, 305.1, 306, 307, 308, 309, 310, 310.1, 310.2, as amended by Section 61, Chapter 255, O.S.L. 2004, 310.3, as amended by Section 62, Chapter 255, O.S.L. 2004, 311, 311.1, as amended by Section 2, Chapter 22, O.S.L. 2006, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 350.1, 351, 352, 353, 353.1, 353.2, 353.3, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364 and 365 (54 O.S. Supp. 2007, Sections 310.2, 310.3 and 311.1), which relate to the Uniform Limited Partnership Act and the Revised Limited Partnership Act; repealing 63 O.S. 2001, Sections 2201, 2202, as amended by Section 2, Chapter 395, O.S.L. 2004, 2203, as amended by Section 1, Chapter 176, O.S.L. 2003, 2204, 2205, 2206, 2207, 2208, 2209 and 2217 (63 O.S. Supp. 2007, Sections 2202 and 2203), which relate to the Uniform Anatomical Gift Act; providing for codification; and providing effective dates.

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

SECTION 1. AMENDATORY Section 16, Chapter 139, O.S.L. 2005 (12A O.S. Supp. 2007, Section 1-303), is amended to read as follows:

Section 1-303. Course of Performance, Course of Dealing, and Usage of Trade.

(a) A "course of performance" is a sequence of conduct between the parties to a particular transaction that exists if:

(1) the agreement of the parties with respect to the transaction involves repeated occasions for performance by a party; and

(2) the other party, with knowledge of the nature of the performance and opportunity for objection to it, accepts the performance or acquiesces in it without objection.

(b) A "course of dealing" is a sequence of conduct concerning previous transactions between the parties to a particular transaction that is fairly to be regarded as establishing a common basis of understanding for interpreting their expressions and other conduct.

(c) A "usage of trade" is any practice or method of dealing having such regularity of observance in a place, vocation, or trade as to justify an expectation that it will be observed with respect to the transaction in question. The existence and scope of such a usage must be proved as facts. If it is established that such a usage is embodied in a trade code or similar record, the interpretation of the record is a question of law.

(d) A course of performance or course of dealing between the parties or usage of trade in the vocation or trade in which they are engaged or of which they are or should be aware is relevant in ascertaining the meaning of the agreement of the parties, may give particular meaning to specific terms of the agreement, and may supplement or qualify the terms of the agreement. A usage of trade applicable in the place in which part of the performance under the

agreement is to occur may be so utilized as to that part of the performance.

(e) Except as otherwise provided in subsection (f) of this section, the express terms of an agreement and any applicable course of performance, course of dealing, or usage of trade must be construed whenever reasonable as consistent with each other. If such a construction is unreasonable:

(1) express terms prevail over course of performance, course of dealing, and usage of trade;

(2) course of performance prevails over course of dealing and usage of trade; and

(3) course of dealing prevails over usage of trade.

(f) Subject to Section 2-209 and Section 2A-208 of this title, a course of performance is relevant to show a waiver or modification of any term inconsistent with the course of performance.

(g) Evidence of a relevant usage of trade offered by one party is not admissible unless that party has given the other party notice that the court finds sufficient to prevent unfair surprise to the other party.

SECTION 2. AMENDATORY 12A O.S. 2001, Section 3-103, is amended to read as follows:

Section 3-103.

#### DEFINITIONS

(a) In this article:

(1) "Acceptor" means a drawee who has accepted a draft;

(2) "Drawee" means a person ordered in a draft to make payment;

(3) "Drawer" means a person who signs or is identified in a draft as a person ordering payment;

- (4) Reserved; (5) "Maker" means a person who signs or is identified in a note as a person undertaking to pay;
- (6) "Order" means a written instruction to pay money signed by the person giving the instruction. The instruction may be addressed to any person, including the person giving the instruction, or to one or more persons jointly or in the alternative but not in succession. An authorization to pay is not an order unless the person authorized to pay is also instructed to pay;
- (7) "Ordinary care" in the case of a person engaged in business means observance of reasonable commercial standards, prevailing in the area in which the person is located, with respect to the business in which the person is engaged. In the case of a bank that takes an instrument for processing for collection or payment by automated means, reasonable commercial standards do not require the bank to examine the instrument if the failure to examine does not violate the bank's prescribed procedures and the bank's procedures do not vary unreasonably from general banking usage not disapproved by this article or Article 4 of this title;
- (8) "Party" means a party to an instrument;
- (9) "Principal obligor", with respect to an instrument, means the accommodated party or any other party to the instrument against whom a secondary obligor has recourse under this article;
- (10) "Promise" means a written undertaking to pay money signed by the person undertaking to pay. An acknowledgment of an obligation by the obligor is not a promise unless the obligor also undertakes to pay the obligation;

(11) "Prove", with respect to a fact, means to meet the burden of establishing the fact (subsection (8) of Section 1-201 of this title);

(12) Reserved;

(13) "Remitter" means a person who purchases an instrument from its issuer if the instrument is payable to an identified person other than the purchaser; and

(14) "Secondary obligor", with respect to an instrument, means (i) an indorser or an accommodation party, (ii) a drawer having the obligation described in subsection (d) of Section 3-414 of this title, or (iii) any other party to the instrument that has recourse against another party to the instrument pursuant to subsection (b) of Section 3-116 of this title.

(b) Other definitions applying to this article and the sections in which they appear in this title are:

"Acceptance"	Section 3-409
"Accommodated party"	Section 3-419
"Accommodation party"	Section 3-419
<u>"Account"</u>	<u>Section 4-104</u>
"Alteration"	Section 3-407
"Anomalous indorsement"	Section 3-205
"Blank indorsement"	Section 3-205
"Cashier's check"	Section 3-104
"Certificate of deposit"	Section 3-104
"Certified check"	Section 3-409
"Check"	Section 3-104

"Consideration"	Section 3-303
"Draft"	Section 3-104
"Holder in due course"	Section 3-302
"Incomplete instrument"	Section 3-115
"Indorsement"	Section 3-204
"Indorser"	Section 3-204
"Instrument"	Section 3-104
"Issue"	Section 3-105
"Issuer"	Section 3-105
"Negotiable instrument"	Section 3-104
"Negotiation"	Section 3-201
"Note"	Section 3-104
"Payable at a definite time"	Section 3-108
"Payable on demand"	Section 3-108
"Payable to bearer"	Section 3-109
"Payable to order"	Section 3-109
"Payment"	Section 3-602
"Person entitled to enforce"	Section 3-301
"Presentment"	Section 3-501
"Reacquisition"	Section 3-207
"Special indorsement"	Section 3-205

"Teller's check"	Section 3-104
"Transfer of instrument"	Section 3-203
"Traveler's check"	Section 3-104
"Value"	Section 3-303

(c) The following definitions in other articles of this title apply to this article:

	4-104	"Banking day"	Section
"Clearing house"		Section 4-104	
"Collecting bank"		Section 4-105	
"Depository bank"		Section 4-105	
"Documentary draft"		Section 4-104	
"Intermediary bank"		Section 4-105	
"Item"		Section 4-104	
"Payor bank"		Section 4-105	
"Suspends payments"		Section 4-104	

(d) In addition, Article 1 of the Uniform Commercial Code, this title, contains general definitions and principles of construction and interpretation applicable throughout this article.

SECTION 3. AMENDATORY 12A O.S. 2001, Section 3-106, is amended to read as follows:

Section 3-106.

UNCONDITIONAL PROMISE OR ORDER

(a) Except as provided in this section, for the purposes of subsection (a) of Section 3-104 of this title, a promise or order is unconditional unless it states (i) an express condition to payment, (ii) that the promise or order is subject to or governed by another record, or (iii) that rights or obligations with respect to the promise or order are stated in another record. A reference to another record does not of itself make the promise or order conditional.

(b) A promise or order is not made conditional (i) by a reference to another record for a statement of rights with respect to collateral, prepayment, or acceleration, or (ii) because payment is limited to resort to a particular fund or source.

(c) If a promise or order requires, as a condition to payment, a countersignature by a person whose specimen signature appears on the promise or order, the condition does not make the promise or order conditional for the purposes of subsection (a) of Section 3-104 of this title. If the person whose specimen signature appears on an instrument fails to countersign the instrument, the failure to countersign is a defense to the obligation of the issuer, but the failure does not prevent a transferee of the instrument from becoming a holder of the instrument.

(d) If a promise or order at the time it is issued or first comes into possession of a holder contains a statement, required by applicable statutory or administrative law, to the effect that the rights of a holder or transferee are subject to claims or defenses that the issuer could assert against the original payee, the promise or order is not thereby made conditional for the purposes of subsection (a) of Section 3-104 of this title; but if the promise or order is an instrument, there cannot be a holder in due course of the instrument.

SECTION 4. AMENDATORY 12A O.S. 2001, Section 3-116, is amended to read as follows:

Section 3-116.

JOINT AND SEVERAL LIABILITY; CONTRIBUTION



(a) Except as otherwise provided in the instrument, two or more persons who have the same liability on an instrument as makers, drawers, acceptors, endorsers who indorse as joint payees, or anomalous indorsers are jointly and severally liable in the capacity in which they sign.

(b) Except as provided in subsection (f) of Section 3-419 of this title or by agreement of the affected parties, a party having joint and several liability who pays the instrument is entitled to receive from any party having the same joint and several liability contribution in accordance with applicable law.

SECTION 5. AMENDATORY 12A O.S. 2001, Section 3-119, is amended to read as follows:

Section 3-119.

#### NOTICE OF RIGHT TO DEFEND ACTION

In an action for breach of an obligation for which a third person is answerable over pursuant to this article or Article 4 of this title, the defendant may give the third person notice of the litigation in a record, and the person notified may then give similar notice to any other person who is answerable over. If the notice states (i) that the person notified may come in and defend and (ii) that failure to do so will bind the person notified in an action later brought by the person giving the notice as to any determination of fact common to the two litigations, the person notified is so bound unless after seasonable receipt of the notice the person notified does come in and defend.

SECTION 6. AMENDATORY 12A O.S. 2001, Section 3-305, is amended to read as follows:

Section 3-305.

#### DEFENSES AND CLAIMS IN RECOUPMENT

(a) Except as otherwise provided in this section, the right to enforce the obligation of a party to pay an instrument is subject to the following:

- (1) a defense of the obligor based on (i) infancy of the obligor to the extent it is a defense to a simple contract, (ii) duress, lack of legal capacity, or illegality of the transaction which, under other law, nullifies the obligation of the obligor, (iii) fraud that induced the obligor to sign the instrument with neither knowledge nor reasonable opportunity to learn of its character or its essential terms, or (iv) discharge of the obligor in insolvency proceedings;
- (2) a defense of the obligor stated in another section of this article or a defense of the obligor that would be available if the person entitled to enforce the instrument were enforcing a right to payment under a simple contract; and
- (3) a claim in recoupment of the obligor against the original payee of the instrument if the claim arose from the transaction that gave rise to the instrument; but the claim of the obligor may be asserted against a transferee of the instrument only to reduce the amount owing on the instrument at the time the action is brought.

(b) The right of a holder in due course to enforce the obligation of a party to pay the instrument is subject to defenses of the obligor stated in paragraph (1) of subsection (a) of this section, but is not subject to defenses of the obligor stated in paragraph (2) of subsection (a) of this section or claims in recoupment stated in paragraph (3) of subsection (a) of this section against a person other than the holder.

(c) Except as stated in subsection (d) of this section, in an action to enforce the obligation of a party to pay the instrument, the obligor may not assert against the person entitled to enforce the instrument a defense, claim in recoupment, or claim to the instrument (Section 3-306 of this title) of another person, but the other person's claim to the instrument may be asserted by the obligor if the other person is joined in the action and personally asserts the claim against the person entitled to enforce the instrument. An obligor is not obliged to pay the instrument if the person seeking enforcement of the instrument does not have rights of

a holder in due course and the obligor proves that the instrument is a lost or stolen instrument.

(d) In an action to enforce the obligation of an accommodation party to pay an instrument, the accommodation party may assert against the person entitled to enforce the instrument any defense or claim in recoupment under subsection (a) of this section that the accommodated party could assert against the person entitled to enforce the instrument, except the defenses of discharge in insolvency proceedings, infancy, and lack of legal capacity.

(e) This section is subject to law other than this article that establishes a different rule for consumer transactions.

SECTION 7. AMENDATORY 12A O.S. 2001, Section 3-309, is amended to read as follows:

Section 3-309.

ENFORCEMENT OF LOST, DESTROYED, OR STOLEN INSTRUMENT

(a) A person not in possession of an instrument is entitled to enforce the instrument if :

(1) the person seeking to enforce the instrument :

(A) was entitled to enforce the instrument when loss of possession occurred; or

(B) has directly or indirectly acquired ownership of the instrument from a person who was entitled to enforce the instrument when loss of possession occurred;

(2) the loss of possession was not the result of a transfer by the person or a lawful seizure; and

(3) the person cannot reasonably obtain possession of the instrument because the instrument was destroyed, its whereabouts cannot be determined, or it is in the wrongful possession of an unknown person or a person

that cannot be found or is not amenable to service of process.

(b) A person seeking enforcement of an instrument under subsection (a) of this section must prove the terms of the instrument and the person's right to enforce the instrument. If that proof is made, Section 3-308 of this title applies to the case as if the person seeking enforcement had produced the instrument. The court may not enter judgment in favor of the person seeking enforcement unless it finds that the person required to pay the instrument is adequately protected against loss that might occur by reason of a claim by another person to enforce the instrument. Adequate protection may be provided by any reasonable means.

SECTION 8. AMENDATORY 12A O.S. 2001, Section 3-312, is amended to read as follows:

Section 3-312.

LOST, DESTROYED, OR STOLEN CASHIER'S CHECK,  
TELLER'S CHECK, OR CERTIFIED CHECK

(a) In this section:

- (1) "Check" means a cashier's check, teller's check, or certified check;
- (2) "Claimant" means a person who claims the right to receive the amount of a cashier's check, teller's check, or certified check that was lost, destroyed, or stolen;
- (3) "Declaration of loss" means a statement, made in a record under penalty of perjury, to the effect that (i) the declarer lost possession of a check, (ii) the declarer is the drawer or payee of the check, in the case of a certified check, or the remitter or payee of the check, in the case of a cashier's or teller's check, (iii) the loss of possession was not the result of a transfer by the declarer or a lawful seizure, and (iv) the declarer cannot reasonably obtain possession

of the check because the check was destroyed, its whereabouts cannot be determined, or it is in the wrongful possession of an unknown person or a person that cannot be found or is not amenable to service of process; and

- (4) "Obligated bank" means the issuer of a cashier's check or a teller's check or the acceptor of a certified check.

(b) A claimant may assert a claim to the amount of a check by a communication to the obligated bank describing the check with reasonable certainty and requesting payment of the amount of the check, if (i) the claimant is the drawer or payee of a certified check or the remitter or payee of a cashier's check or teller's check, (ii) the communication contains or is accompanied by a declaration of loss of the claimant with respect to the check, (iii) the communication is received at a time and in a manner affording the bank reasonable time to act on it before the check is paid, and (iv) the claimant provides reasonable identification if requested by the obligated bank. Delivery of a declaration of loss is a warranty of the truth of the statements made in the declaration. If a claim is asserted in compliance with this subsection, the following rules apply:

- (1) The claim becomes enforceable at the later of (i) the time the claim is asserted, or (ii) the ninetieth (90th) day following the date of the check, in the case of a cashier's check or teller's check, or the ninetieth (90th) day following the date of the acceptance, in the case of a certified check;
- (2) Until the claim becomes enforceable, it has no legal effect and the obligated bank may pay the check or, in the case of a teller's check, may permit the drawee to pay the check. Payment to a person entitled to enforce the check discharges all liability of the obligated bank with respect to the check;
- (3) If the claim becomes enforceable before the check is presented for payment, the obligated bank is not obliged to pay the check; and

(4) When the claim becomes enforceable, the obligated bank becomes obliged to pay the amount of the check to the claimant if payment of the check has not been made to a person entitled to enforce the check. Subject to paragraph (1) of subsection (a) of Section 4-302 of this title, payment to the claimant discharges all liability of the obligated bank with respect to the check.

(c) If the obligated bank pays the amount of a check to a claimant under paragraph (4) of subsection (b) of this section and the check is presented for payment by a person having rights of a holder in due course, the claimant is obliged to (i) refund the payment to the obligated bank if the check is paid, or (ii) pay the amount of the check to the person having rights of a holder in due course if the check is dishonored.

(d) If a claimant has the right to assert a claim under subsection (b) of this section and is also a person entitled to enforce a cashier's check, teller's check, or certified check which is lost, destroyed, or stolen, the claimant may assert rights with respect to the check either under this section or Section 3-309 of this title.

SECTION 9. AMENDATORY 12A O.S. 2001, Section 3-419, is amended to read as follows:

Section 3-419.

#### INSTRUMENTS SIGNED FOR ACCOMMODATION

(a) If an instrument is issued for value given for the benefit of a party to the instrument ("accommodated party") and another party to the instrument ("accommodation party") signs the instrument for the purpose of incurring liability on the instrument without being a direct beneficiary of the value given for the instrument, the instrument is signed by the accommodation party "for accommodation".

(b) An accommodation party may sign the instrument as maker, drawer, acceptor, or indorser and, subject to subsection (d) of this

section, is obliged to pay the instrument in the capacity in which the accommodation party signs. The obligation of an accommodation party may be enforced notwithstanding any statute of frauds and whether or not the accommodation party receives consideration for the accommodation.

(c) A person signing an instrument is presumed to be an accommodation party and there is notice that the instrument is signed for accommodation if the signature is an anomalous indorsement or is accompanied by words indicating that the signer is acting as surety or guarantor with respect to the obligation of another party to the instrument. Except as provided in Section 3-605 of this title, the obligation of an accommodation party to pay the instrument is not affected by the fact that the person enforcing the obligation had notice when the instrument was taken by that person that the accommodation party signed the instrument for accommodation.

(d) If the signature of a party to an instrument is accompanied by words indicating unambiguously that the party is guaranteeing collection rather than payment of the obligation of another party to the instrument, the signer is obliged to pay the amount due on the instrument to a person entitled to enforce the instrument only if (i) execution of judgment against the other party has been returned unsatisfied, (ii) the other party is insolvent or in an insolvency proceeding, (iii) the other party cannot be served with process, or (iv) it is otherwise apparent that payment cannot be obtained from the other party.

(e) If the signature of a party to an instrument is accompanied by words indicating that the party guarantees payment or the signer signs the instrument as an accommodation party in some other manner that does not unambiguously indicate an intention to guarantee collection rather than payment, the signer is obliged to pay the amount due on the instrument to a person entitled to enforce the instrument in the same circumstances as the accommodated party would be obliged, without prior resort to the accommodated party by the person entitled to enforce the instrument.

(f) An accommodation party that pays the instrument is entitled to reimbursement from the accommodated party and is entitled to enforce the instrument against the accommodated party.

In proper circumstances, an accommodation party may obtain relief that requires the accommodated party to perform its obligations on the instrument. An accommodated party that pays the instrument has no right of recourse against, and is not entitled to contribution from, an accommodation party.

SECTION 10. AMENDATORY 12A O.S. 2001, Section 3-602, is amended to read as follows:

Section 3-602.

#### PAYMENT

(a) Subject to subsection (e) of this section, an instrument is paid to the extent payment is made by or on behalf of a party obliged to pay the instrument, and to a person entitled to enforce the instrument. To the extent of the payment, the obligation of the party obliged to pay the instrument is discharged even though payment is made with knowledge of a claim to the instrument under Section 3-306 of this title by another person.

(b) Subject to subsection (e) of this section, a note is paid to the extent payment is made by or on behalf of a party obliged to pay the note to a person that formerly was entitled to enforce the note only if at the time of the payment the party obliged to pay has not received adequate notification that the note has been transferred and that payment is to be made to the transferee. A notification is adequate only if it is signed by the transferor or the transferee, reasonably identifies the transferred note, and provides an address at which payments subsequently are to be made. Upon request, a transferee shall seasonably furnish reasonable proof that the note has been transferred. Unless the transferee complies with the request, a payment to the person that formerly was entitled to enforce the note is effective for purposes of subsection (c) of this section even if the party obliged to pay the note has received a notification under this subsection.

(c) Subject to subsection (e) of this section, to the extent of a payment under subsections (a) and (b) of this section, the obligation of the party obliged to pay the instrument is discharged even though payment is made with knowledge of a claim to the instrument under Section 3-306 of this title by another person.



(d) Subject to subsection (e) of this section, a transferee, or any party that has acquired rights in the instrument directly or indirectly from a transferee, including any such party that has rights as a holder in due course, is deemed to have notice of any payment that is made under subsection (b) of this section after the date that the note is transferred to the transferee but before the party obliged to pay the note receives adequate notification of the transfer.

(e) The obligation of a party to pay the instrument is not discharged under subsections (a) through (d) of this section if:

- (1) A claim to the instrument under Section 3-306 of this title is enforceable against the party receiving payment and (i) payment is made with knowledge by the payor that payment is prohibited by injunction or similar process of a court of competent jurisdiction, or (ii) in the case of an instrument other than a cashier's check, teller's check, or certified check, the party making payment accepted, from the person having a claim to the instrument, indemnity against loss resulting from refusal to pay the person entitled to enforce the instrument; or
- (2) The person making payment knows that the instrument is a stolen instrument and pays a person it knows is in wrongful possession of the instrument.

(f) As used in this section, "signed", with respect to a record that is not a writing, includes the attachment to or logical association with the record of an electronic symbol, sound, or process with the present intent to adopt or accept the record.

SECTION 11. AMENDATORY 12A O.S. 2001, Section 3-604, is amended to read as follows:

Section 3-604.

DISCHARGE BY CANCELLATION OR RENUNCIATION

(a) A person entitled to enforce an instrument, with or without consideration, may discharge the obligation of a party to pay the instrument (i) by an intentional voluntary act, such as surrender of the instrument to the party, destruction, mutilation, or cancellation of the instrument, cancellation or striking out of the party's signature, or the addition of words to the instrument indicating discharge, or (ii) by agreeing not to sue or otherwise renouncing rights against the party by a signed record.

(b) Cancellation or striking out of an indorsement pursuant to subsection (a) of this section does not affect the status and rights of a party derived from the indorsement.

(c) As used in this section, "signed", with respect to a record that is not a writing, includes the attachment to or logical association with the record of an electronic symbol, sound, or process with the present intent to adopt or accept the record.

SECTION 12. AMENDATORY 12A O.S. 2001, Section 3-605, is amended to read as follows:

Section 3-605.

DISCHARGE OF INDORSERS, ACCOMMODATION,  
AND OTHER PARTIES SECONDARY OBLIGORS

(a)

If a person entitled to enforce an instrument releases the obligation of a principal obligor in whole or in part, and another party to the instrument is a secondary obligor with respect to the obligation of that principal obligor, the following rules apply:

- (1) Any obligations of the principal obligor to the secondary obligor with respect to any previous payment by the secondary obligor are not affected. Unless the terms of the release preserve the secondary obligor's recourse, the principal obligor is discharged, to the extent of the release, from any other duties to the secondary obligor under this article.

- (2) Unless the terms of the release provide that the person entitled to enforce the instrument retains the right to enforce the instrument against the secondary obligor, the secondary obligor is discharged to the same extent as the principal obligor from any unperformed portion of its obligation on the instrument. If the instrument is a check and the obligation of the secondary obligor is based on an indorsement of the check, the secondary obligor is discharged without regard to the language or circumstances of the discharge or other release.
- (3) If the secondary obligor is not discharged under paragraph (2) of this subsection, the secondary obligor is discharged to the extent of the value of the consideration for the release, and to the extent that the release would otherwise cause the secondary obligor a loss.

(b) If a person entitled to enforce an instrument grants a principal obligor an extension of the time at which one or more payments are due on the instrument and another party to the instrument is a secondary obligor with respect to the obligation of that principal obligor, the following rules apply:

- (1) Any obligations of the principal obligor to the secondary obligor with respect to any previous payment by the secondary obligor are not affected. Unless the terms of the extension preserve the secondary obligor's recourse, the extension correspondingly extends the time for performance of any other duties owed to the secondary obligor by the principal obligor under this article.
- (2) The secondary obligor is discharged to the extent that the extension would otherwise cause the secondary obligor a loss.
- (3) To the extent that the secondary obligor is not discharged under paragraph (2) of this subsection, the secondary obligor may perform its obligations to a person entitled to enforce the instrument as if the

time for payment had not been extended or, unless the terms of the extension provide that the person entitled to enforce the instrument retains the right to enforce the instrument against the secondary obligor as if the time for payment had not been extended, treat the time for performance of its obligations as having been extended correspondingly.

(c) If a person entitled to enforce an instrument agrees, with or without consideration, to a modification of the obligation of a principal obligor other than a complete or a partial release or an extension of the due date and another party to the instrument is a secondary obligor with respect to the obligation of that principal obligor, the following rules apply:

- (1) Any obligations of the principal obligor to the secondary obligor with respect to any previous payment by the secondary obligor are not affected. The modification correspondingly modifies any other duties owed to the secondary obligor by the principal obligor under this article.
- (2) The secondary obligor is discharged from any unperformed portion of its obligation to the extent that the modification would otherwise cause the secondary obligor a loss.

(3) To the extent that the secondary obligor is not discharged under paragraph (2) of this subsection, the secondary obligor may satisfy its obligation on the instrument as if the modification had not occurred, or treat its obligation on the instrument as having been modified correspondingly. (d) If the obligation of a principal obligor is secured by an interest in collateral, another party to the instrument is a secondary obligor with respect to that obligation, and a person entitled to enforce the instrument impairs the value of the interest in collateral, the obligation of the secondary obligor is discharged to the extent of the impairment. The value of an interest in collateral is impaired to the extent the value of the interest is reduced to an amount less than the amount of the recourse of the secondary obligor, or the reduction in value of the interest causes an increase in the amount by which the amount of the recourse exceeds the value of the interest. For

purposes of this subsection, impairing the value of an interest in collateral includes failure to obtain or maintain perfection or recordation of the interest in collateral, release of collateral without substitution of collateral of equal value or equivalent reduction of the underlying obligation, failure to perform a duty to preserve the value of collateral owed, under Article 9 of the Uniform Commercial Code or other law, to a debtor or other person secondarily liable, and failure to comply with applicable law in disposing of or otherwise enforcing the interest in collateral.

(e) A secondary obligor is not discharged under paragraph (3) of subsection (a) of this section or subsections (b), (c), or (d) of this section unless the person entitled to enforce the instrument knows that the person is a secondary obligor or has notice under subsection (c) of Section 3-419 of this title that the instrument was signed for accommodation.

(f) A secondary obligor is not discharged under this section if the secondary obligor consents to the event or conduct that is the basis of the discharge, or the instrument or a separate agreement of the party provides for waiver of discharge under this section specifically or by general language indicating that parties waive defenses based on suretyship or impairment of collateral. Unless the circumstances indicate otherwise, consent by the principal obligor to an act that would lead to a discharge under this section constitutes consent to that act by the secondary obligor if the secondary obligor controls the principal obligor or deals with the person entitled to enforce the instrument on behalf of the principal obligor.

(g) A release or extension preserves a secondary obligor's recourse if the terms of the release or extension provide that:

- (1) the person entitled to enforce the instrument retains the right to enforce the instrument against the secondary obligor; and
- (2) the recourse of the secondary obligor continues as if the release or extension had not been granted.

(h) Except as otherwise provided in subsection (i) of this section, a secondary obligor asserting discharge under this section

has the burden of persuasion both with respect to the occurrence of the acts alleged to harm the secondary obligor and loss or prejudice caused by those acts.

(i) If the secondary obligor demonstrates prejudice caused by an impairment of its recourse, and the circumstances of the case indicate that the amount of loss is not reasonably susceptible of calculation or requires proof of facts that are not ascertainable, it is presumed that the act impairing recourse caused a loss or impairment equal to the liability of the secondary obligor on the instrument. In that event, the burden of persuasion as to any lesser amount of the loss is on the person entitled to enforce the instrument.

SECTION 13. AMENDATORY 12A O.S. 2001, Section 4-102, is amended to read as follows:

Section 4-102.

#### APPLICABILITY

(a) To the extent that items within this article are also within Articles 3 and 8 of this title, they are subject to those articles. If there is conflict, this article governs Article 3, but Article 8 governs this article.

(b) The liability of a bank for action or nonaction with respect to any item handled by it for purposes of presentment, payment or collection is governed by the law of the place where the bank is located. In the case of action or nonaction by or at a branch or separate office of a bank, its liability is governed by the law of the place where the branch or separate office is located.

SECTION 14. AMENDATORY 12A O.S. 2001, Section 4-104, as amended by Section 56, Chapter 140, O.S.L. 2005 (12A O.S. Supp. 2007, Section 4-104), is amended to read as follows:

Section 4-104.

#### DEFINITIONS AND INDEX OF DEFINITIONS

(a) In this article unless the context otherwise requires:

(1) "Account" means any deposit or credit account with a bank, including a demand, time, savings, passbook, share draft, or like account, other than an account evidenced by a certificate of deposit;

(2) "Afternoon" means the period of a day between noon and midnight;

(3) "Banking day" means the part of a day on which a bank is open to the public for carrying on substantially all of its banking functions;

(4) "Clearing house" means an association of banks or other payors regularly clearing items;

(5) "Customer" means a person having an account with a bank or for whom a bank has agreed to collect items, including a bank that maintains an account at another bank;

(6) "Documentary draft" means a draft to be presented for acceptance or payment if specified documents, certified securities (Section 8-102 of this title) or instructions for uncertificated securities (Section 8-102 of this title) or other certificates, statements, or the like are to be received by the drawee or other payor before acceptance or payment of the draft;

(7) "Draft" means a draft as defined in Section 3-104 of this title or an item, other than an instrument, that is an order;

(8) "Drawee" means a person ordered in a draft to make payment;

(9) "Item" means an instrument or a promise or order to pay money handled by a bank for collection or payment. The term does not include a payment order governed by Article 4A of this title or a credit or debit card slip;

(10) "Midnight deadline" with respect to a bank is midnight on its next banking day following the banking day on which it receives the relevant item or notice or from which the time for taking action commences to run, whichever is later;

(11) "Settle" means to pay in cash, by clearing-house settlement, in a charge or credit or by remittance, or otherwise as agreed. A settlement may be either provisional or final; and

(12) "Suspends payments" with respect to a bank means that it has been closed by order of the supervisory authorities, that a public officer has been appointed to take it over or that it ceases or refuses to make payments in the ordinary course of business.

(b) Other definitions applying to this article and the sections of this title in which they appear are:

"Agreement for electronic presentment" Section 4-110.

"Collecting bank" Section 4-105.

"Depositary bank" Section 4-105.

"Intermediary bank" Section 4-105.

"Payor bank" Section 4-105.

"Presenting bank" Section 4-105.

"Presentment Notice" Section 4-110.

(c) "Control" as provided in Section 7-106 of this title and the following definitions in other articles of this title apply to this article:

"Acceptance" Section 3-409.

"Alteration" Section 3-407.

"Cashier's check" Section 3-104.

"Certificate of deposit" Section 3-104.

"Certified check" Section 3-409.

"Check" Section 3-104.



"Draft" Section 3-104.  
"Good faith" Section 3-103.  
"Holder in due course" Section 3-302.  
"Instrument" Section 3-104.  
"Notice of dishonor" Section 3-503.  
"Order" Section 3-103.  
"Ordinary care" Section 3-103.  
"Person entitled to enforce" Section 3-301.  
"Presentment" Section 3-501.  
"Promise" Section 3-103.  
"Prove" Section 3-103.  
"Record" Section 3-103  
"Teller's check" Section 3-104.  
"Unauthorized signature" Section 3-403.

(d) In addition, Article 1 of this title contains general definitions and principles of construction and interpretation applicable throughout this article.

SECTION 15. AMENDATORY 12A O.S. 2001, Section 4-105, is amended to read as follows:

Section 4-105.

DEFINITIONS OF TYPES OF BANKS

In this article:

(1) Reserved;

(2) "Depository bank" means the first bank to take an item even though it is also the payor bank, unless the item is presented for immediate payment over the counter;

(3) "Payor bank" means a bank that is the drawee of a draft;

(4) "Intermediary bank" means a bank to which an item is transferred in course of collection except the depository or payor bank;

(5) "Collecting bank" means a bank handling an item for collection except the payor bank; and

(6) "Presenting bank" means a bank presenting an item except a payor bank.

SECTION 16. AMENDATORY 12A O.S. 2001, Section 4-212, is amended to read as follows:

Section 4-212.

PRESENTMENT BY NOTICE OF ITEM NOT PAYABLE BY,

THROUGH, OR AT BANK; LIABILITY OF DRAWER OR INDORSER

(a) Unless otherwise instructed, a collecting bank may present an item not payable by, through, or at a bank by sending to the party to accept or pay a record providing notice that the bank holds the item for acceptance or payment. The notice must be sent in time to be received on or before the day when presentment is due and the bank must meet any requirement of the party to accept or pay under Section 3-501 of this title by the close of the bank's next banking day after it knows of the requirement.

(b) If presentment is made by notice and payment, acceptance, or request for compliance with a requirement under Section 3-501 of this title is not received by the close of business on the day after maturity or, in the case of demand items, by the close of business on the third banking day after notice was sent, the presenting bank may treat the item as dishonored and charge any drawer or indorser by sending it notice of the facts.

SECTION 17. AMENDATORY 12A O.S. 2001, Section 4-301, is amended to read as follows:

Section 4-301.

DEFERRED POSTING; RECOVERY OF PAYMENT BY RETURN OF ITEMS;

TIME OF DISHONOR; RETURN OF ITEMS BY PAYOR BANK

(a) If a payor bank settles for a demand item other than a documentary draft presented otherwise than for immediate payment over the counter before midnight of the banking day of receipt, the payor bank may revoke the settlement and recover the settlement if, before it has made final payment and before its midnight deadline, it:

- (1) Returns the item;
- (2) Returns an image of the item, if the party to which the return is made has entered into an agreement to accept an image as a return of the item and the image is returned in accordance with that agreement; or
- (3) Sends a record providing notice of dishonor or nonpayment if the item is unavailable for return.

(b) If a demand item is received by a payor bank for credit on its books, it may return the item or send notice of dishonor and may revoke any credit given or recover the amount thereof withdrawn by its customer, if it acts within the time limit and in the manner specified in subsection (a) of this section.

(c) Unless previous notice of dishonor has been sent an item is dishonored at the time when for purposes of dishonor it is returned or notice sent in accordance with this section.

(d) An item is returned:

- (1) As to an item presented through a clearing-house, when it is delivered to the presenting or last collecting

bank or to the clearing-house or is sent or delivered in accordance with clearing-house rules; or

- (2) In all other cases, when it is sent or delivered to the bank's customer or transferor or pursuant to instructions.

SECTION 18. AMENDATORY 12A O.S. 2001, Section 4-403, is amended to read as follows:

Section 4-403.

CUSTOMER'S RIGHT TO STOP PAYMENT; BURDEN OF PROOF OF LOSS

(a) A customer or any person authorized to draw on the account if there is more than one person may stop payment of any item drawn on the customer's account or close the account by an order to the bank describing the item or account with reasonable certainty received at a time and in a manner that affords the bank a reasonable opportunity to act on it before any action by the bank with respect to the item described in Section 4-303 of this title. If the signature of more than one person is required to draw on an account, any of these persons may stop payment or close the account.

(b) A stop-payment order is effective for six (6) months, but it lapses after fourteen (14) calendar days if the original order was oral and was not confirmed in a record within that period. A stop-payment order may be renewed for additional six-month periods by a record given to the bank within a period during which the stop-payment order is effective.

(c) The burden of establishing the fact and amount of loss resulting from the payment of an item contrary to a stop-payment order or order to close an account is on the customer. The loss from payment of an item contrary to a stop-payment order may include damages for dishonor of subsequent items under Section 4-402 of this title.

SECTION 19. AMENDATORY 12A O.S. 2001, Section 4A-505, is amended to read as follows:

Section 4A-505.

PRECLUSION OF OBJECTION TO DEBIT OF CUSTOMER'S ACCOUNT

(a) If a receiving bank has received payment from its customer with respect to a payment order issued in the name of the customer as sender and accepted by the bank, and the customer received notification reasonably identifying the order, the customer is precluded from asserting that the bank is not entitled to retain the payment unless the customer notifies the bank of the customer's objection to the payment within (1) one year after the notification was received by the customer.

(b) The one-year period provided for in subsection (a) of this section may be reduced by agreement, but not to less than sixty (60) days.

SECTION 20. AMENDATORY 12A O.S. 2001, Section 7-209, as amended by Section 14, Chapter 140, O.S.L. 2005 (12A O.S. Supp. 2007, Section 7-209), is amended to read as follows:

Section 7-209. Lien of Warehouse.

(a) A warehouse has a lien against the bailor on the goods covered by a warehouse receipt or storage agreement or on the proceeds thereof in its possession for charges for storage or transportation, including demurrage and terminal charges, insurance, labor, or other charges, present or future, in relation to the goods, and for expenses necessary for preservation of the goods or reasonably incurred in their sale pursuant to law. If the person on whose account the goods are held is liable for similar charges or expenses in relation to other goods whenever deposited and it is stated in the warehouse receipt or storage agreement that a lien is claimed for charges and expenses in relation to other goods, the warehouse also has a lien against the goods covered by the warehouse receipt or storage agreement or on the proceeds thereof in its possession for those charges and expenses, whether or not the goods have been delivered by the warehouse. However, as against a person to which a negotiable warehouse receipt is duly negotiated, a warehouse's lien is limited to charges in an amount or at a rate specified in the warehouse receipt or, if no charges are so specified, to a reasonable charge for storage of the specific goods covered by the receipt subsequent to the date of the receipt.

(b) A warehouse may also reserve a security interest against the bailor for the maximum amount specified on the receipt for charges other than those specified in subsection (a) of this section, such as for money advanced and interest. The security interest is governed by Article 9 of the Uniform Commercial Code.

(c) A warehouse's lien for charges and expenses under subsection (a) of this section or a security interest under subsection (b) of this section is also effective against any person that so entrusted the bailor with possession of the goods that a pledge of them by the bailor to a good faith purchaser for value would have been valid. However, the lien or security interest is not effective against a person that before issuance of a document of title had a legal interest or a perfected security interest in the goods and that did not:

(1) deliver or entrust the goods or any document of title covering the goods to the bailor or the bailor's nominee with:

- (A) actual or apparent authority to ship, store, or sell;
- (B) power to obtain delivery under Section 7-403 of this title; or
- (C) power of disposition under Sections 2-403, 2A-304(2), 2A-305(2), 1-9-320, or 1-9-321(c) of the Uniform Commercial Code or other statute or rule of law; or

(2) acquiesce in the procurement by the bailor or its nominee of any document.

(d) A warehouse's lien on household goods for charges and expenses in relation to the goods under subsection (a) of this section is also effective against all persons if the depositor was the legal possessor of the goods at the time of deposit. In this subsection, "household goods" means furniture, furnishings, or personal effects used by the depositor in a dwelling.

(e) A warehouse loses its lien on any goods that it voluntarily delivers or unjustifiably refuses to deliver.

ARTICLE 1  
GENERAL PROVISIONS

SECTION 21. 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 21 through 169 of this act shall be known and may be cited as the "Uniform Limited Cooperative Association Act".

SECTION 22. 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:

DEFINITIONS.

In the Uniform Limited Cooperative Association Act:

(1) "Articles of organization" means the articles of organization of a limited cooperative association required by Section 50 of this act. The term includes the articles as amended or restated.

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

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

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

(5) "Contribution", except as used in subsection (c) of Section 117 of this act, means a benefit that a person provides to a limited cooperative association to become or remain a member or in the person's capacity as a member.

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

(7) "Designated office" means the office that a limited cooperative association or a foreign cooperative is required to designate and maintain under paragraph (1) of subsection (a) of Section 37 of this act.

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

(9) "Distribution", except as used in subsection (e) of Section 116 of this act, means a transfer of money or other property from a limited cooperative association to a member because of the member's financial rights or to a transferee of a member's financial rights.

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

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

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

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

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

- (A) is not required by the organic rules to conduct patronage with the association in the member's capacity as an investor member in order to receive the member's interest; or
- (B) is not permitted by the organic rules to conduct patronage with the association in the member's capacity as an investor member in order to receive the member's interest.



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

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

(17) "Member's interest" means the interest of a patron member or investor member under Section 77 of this act.

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

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

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

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

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

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

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

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

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

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

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

(27) "Required information" means the information a limited cooperative association is required to maintain under Section 34 of this act.

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

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

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

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

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

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

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

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

SECTION 23. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-103 of Title 18, unless there is created a duplication in numbering, reads as follows:

LIMITED COOPERATIVE ASSOCIATION SUBJECT TO AMENDMENT OR REPEAL OF THE UNIFORM LIMITED COOPERATIVE ASSOCIATION ACT.

A limited cooperative association governed by the Uniform Limited Cooperative Association Act is subject to any amendment or repeal of the Uniform Limited Cooperative Association Act.

SECTION 24. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-104 of Title 18, unless there is created a duplication in numbering, reads as follows:

NATURE OF LIMITED COOPERATIVE ASSOCIATION.

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

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

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

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

SECTION 25. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-105 of Title 18, unless there is created a duplication in numbering, reads as follows:

PURPOSE AND DURATION OF LIMITED COOPERATIVE ASSOCIATION.

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

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

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

SECTION 26. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-106 of Title 18, unless there is created a duplication in numbering, reads as follows:

POWERS.

A limited cooperative association may sue and be sued in its own name and do all things necessary or convenient to carry on its activities. An association may maintain an action against a member for harm caused to the association by the member's violation of a duty to the association or of the organic law or organic rules.

SECTION 27. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-107 of Title 18, unless there is created a duplication in numbering, reads as follows:

GOVERNING LAW.

The law of this state governs:

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

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

SECTION 28. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-108 of Title 18, unless there is created a duplication in numbering, reads as follows:

SUPPLEMENTAL PRINCIPLES OF LAW.

Unless displaced by particular provisions of the Uniform Limited Cooperative Association Act, the principles of law and equity supplement the Uniform Limited Cooperative Association Act.

SECTION 29. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-109 of Title 18, unless there is created a duplication in numbering, reads as follows:

REQUIREMENTS OF OTHER LAWS.

(a) The Uniform Limited Cooperative Association Act does not alter or amend any law that governs the licensing and regulation of an individual or entity in carrying on a specific business or profession even if that law permits the business or profession to be conducted by a limited cooperative association, a foreign cooperative, or its members.

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

SECTION 30. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-110 of Title 18, unless there is created a duplication in numbering, reads as follows:

RELATION TO RESTRAINT OF TRADE AND ANTITRUST LAWS.

To the extent a limited cooperative association or activities conducted by the association in this state meet the material requirements for other cooperatives entitled to an exemption from or immunity under any provision of Title 79 of the Oklahoma Statutes, the association and its activities are entitled to the exemption or immunity. This section does not create any new exemption or immunity for an association or affect any exemption or immunity provided to a cooperative organized under any other law.

SECTION 31. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-111 of Title 18, unless there is created a duplication in numbering, reads as follows:

NAME.

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

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

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

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

(2) A name reserved under Section 32 of this act; and

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

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

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

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

SECTION 32. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-112 of Title 18, unless there is created a duplication in numbering, reads as follows:

RESERVATION OF NAME.

(a) A person may reserve the exclusive use of the name of a limited cooperative association, including a fictitious name for a foreign cooperative whose name is not available under Section 31 of this act, by delivering an application to the Secretary of State for filing. The application must set forth the name and address of the applicant and the name proposed to be reserved. If the Secretary of State finds that the name applied for is available under Section 31 of this act, the Secretary of State shall reserve the name for the applicant's exclusive use for a nonrenewable period of one hundred twenty (120) days.

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

by the Secretary of State is a transfer by the person to the association.

SECTION 33. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-113 of Title 18, unless there is created a duplication in numbering, reads as follows:

EFFECT OF ORGANIC RULES.

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

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

(1) State a term of existence for the association under subsection (c) of Section 25 of this act;

(2) Limit or eliminate the acceptance of new or additional members by the initial board of directors under subsection (b) of Section 51 of this act;

(3) Vary the limitations on the obligations and liability of members for association obligations under Section 63 of this act;

(4) Require a notice of an annual members meeting to state a purpose of the meeting under subsection (b) of Section 67 of this act;

(5) Vary the board of directors meeting quorum under subsection (a) of Section 100 of this act;

(6) Vary the matters the board of directors may consider in making a decision under Section 105 of this act;



(7) Specify causes of dissolution under paragraph (1) of Section 123 of this act;

(8) Delegate amendment of the bylaws to the board of directors pursuant to subsection (f) of Section 57 of this act;

(9) Provide for member approval of asset dispositions under Section 150 of this act;

(10) Subject to Section 105 of this act, provide for the elimination or limitation of liability of a director to the association or its members for money damages pursuant to Section 103 of this act;

(11) Provide for permitting or making obligatory indemnification under subsection (a) of Section 109 of this act; and

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

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

(1) Require more information to be maintained under Section 34 or provided to members under subsection (k) of Section 64 of this act;

(2) Provide restrictions on transactions between a member and an association under Section 35 of this act;

(3) Provide for the percentage and manner of voting on amendments to the organic rules by district, class, or voting group under subsection (a) of Section 56 of this act;

(4) Provide for the percentage vote required to amend the bylaws concerning the admission of new members under paragraph (5) of subsection (e) of Section 57 of this act;

(5) Provide for terms and conditions to become a member under Section 61 of this act;

(6) Restrict the manner of conducting members meetings under subsection (c) of Section 65 of this act and subsection (e) of Section 66 of this act;

(7) Designate the presiding officer of members meetings under subsection (e) of Section 65 of this act and subsection (g) of Section 66 of this act;

(8) Require a statement of purposes in the annual meeting notice under subsection (b) of Section 67 of this act;

(9) Increase quorum requirements for members meetings under Section 69 of this act and board of directors meetings under Section 100 of this act;

(10) Allocate voting power among members, including patron members and investor members, and provide for the manner of member voting and action as permitted by Sections 70 through 76 of this act;

(11) Authorize investor members and expand or restrict the transferability of members' interests to the extent provided in Sections 78 through 80 of this act;

(12) Provide for enforcement of a marketing contract under subsection (a) of Section 85 of this act;

(13) Provide for qualification, election, terms, removal, filling vacancies, and member approval for compensation of directors in accordance with Sections 88 through 90, 92, 94, and 95 of this act;

(14) Restrict the manner of conducting board meetings and taking action without a meeting under Sections 96 and 97 of this act;

(15) Provide for frequency, location, notice and waivers of notice for board meetings under Sections 98 and 99 of this act;

(16) Increase the percentage of votes necessary for board action under subsection (b) of Section 101 of this act;

(17) Provide for the creation of committees of the board of directors and matters related to the committees in accordance with Section 102 of this act;

(18) Provide for officers and their appointment, designation, and authority under Section 107 of this act;

(19) Provide for forms and values of contributions under Section 111 of this act;

(20) Provide for remedies for failure to make a contribution under subsection (b) of Section 112 of this act;

(21) Provide for the allocation of profits and losses of the association, distributions, and the redemption or repurchase of distributed property other than money in accordance with Sections 113 through 116 of this act;

(22) Specify when a member's dissociation is wrongful and the liability incurred by the dissociating member for damage to the association under subsections (b) and (c) of Section 119 of this act;

(23) Provide the personal representative, or other legal representative, of a deceased member or a member adjudged incompetent with additional rights under Section 121 of this act;

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

- (A) a resolution to dissolve under paragraph (1) of subsection (a) of Section 126 of this act;
- (B) a proposed amendment to the organic rules under paragraph (1) of subsection (a) of Section 54 of this act;
- (C) a plan of conversion under subsection (a) of Section 156 of this act;
- (D) a plan of merger under subsection (a) of Section 160 of this act; and

(E) a proposed disposition of assets under paragraph (1) of Section 152 of this act; and

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

(A) a resolution to dissolve under Section 126 of this act;

(B) an amendment to the organic rules under Section 57 of this act;

(C) a plan of conversion under Section 156 of this act;

(D) a plan of merger under Section 161 of this act; and

(E) a disposition of assets under Section 153 of this act.

(d) The organic rules must address members' contributions pursuant to Section 110 of this act.

SECTION 34. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-114 of Title 18, unless there is created a duplication in numbering, reads as follows:

REQUIRED INFORMATION.

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

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

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

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

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

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

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

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

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

(9) A list containing:

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

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

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

(11) Accounting records maintained by the association in the ordinary course of its operations for the six (6) most recent years;

(12) The minutes of directors meetings for the six (6) most recent years;

(13) Evidence of all actions taken by directors without a meeting for the six (6) most recent years;

(14) The amount of money contributed and agreed to be contributed by each member;

(15) A description and statement of the agreed value of contributions other than money made and agreed to be made by each member;

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

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

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

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

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

SECTION 35. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-115 of Title 18, unless there is created a duplication in numbering, reads as follows:

BUSINESS TRANSACTIONS OF MEMBER WITH LIMITED COOPERATIVE ASSOCIATION.

Subject to Sections 103 and 104 of this act and except as otherwise provided in the organic rules or a specific contract relating to a transaction, a member may lend money to and transact other business with a limited cooperative association in the same manner as a person that is not a member.

SECTION 36. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-116 of Title 18, unless there is created a duplication in numbering, reads as follows:

DUAL CAPACITY.

A person may have a patron member's interest and an investor member's interest. When such person acts as a patron member, the person is subject to the Uniform Limited Cooperative Association Act and the organic rules governing patron members. When such person acts as an investor member, the person is subject to the Uniform Limited Cooperative Association Act and the organic rules governing investor members.

SECTION 37. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-117 of Title 18, unless there is created a duplication in numbering, reads as follows:

DESIGNATED OFFICE AND AGENT FOR SERVICE OF PROCESS.

(a) A limited cooperative association, or a foreign cooperative that has a certificate of authority under Section 145 of this act, shall designate and continuously maintain in this state:

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

(2) An agent for service of process at the designated office.

(b) An agent for service of process of a limited cooperative association or foreign cooperative must be an individual who is a resident of this state or an entity that is authorized to do business in this state.

SECTION 38. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-118 of Title 18, unless there is created a duplication in numbering, reads as follows:

CHANGE OF DESIGNATED OFFICE OR AGENT FOR SERVICE OF PROCESS.

(a) Except as otherwise provided in subsection (e) of Section 47 of this act, to change its designated office, its agent for service of process, or the street address or, if different, mailing address of its principal office, a limited cooperative association must deliver to the Secretary of State for filing a statement of change containing:

(1) The name of the limited cooperative association;

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

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

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

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

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

(1) The name of the foreign cooperative;

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

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

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

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

(c) Except as otherwise provided in Section 44 of this act, a statement of change is effective when filed by the Secretary of State.



SECTION 39. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-119 of Title 18, unless there is created a duplication in numbering, reads as follows:

RESIGNATION OF AGENT FOR SERVICE OF PROCESS.

(a) To resign as an agent for service of process of a limited cooperative association or foreign cooperative, the agent must deliver to the Secretary of State for filing a statement of resignation containing the name of the agent and the name of the association or foreign cooperative.

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

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

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

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

SECTION 40. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-120 of Title 18, unless there is created a duplication in numbering, reads as follows

SERVICE OF PROCESS.

(a) An agent for service of process appointed by a limited cooperative association or foreign cooperative is an agent of the association or foreign cooperative for service of process, notice, or a demand required or permitted by law to be served upon the association or foreign cooperative.

(b) If a limited cooperative association or foreign cooperative does not appoint or maintain an agent for service of process in this state or the agent for service of process cannot with reasonable

diligence be found at the address of the designated office on file with the Secretary of State, the Secretary of State is an agent of the association or foreign cooperative upon which process, notice, or a demand may be served.

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

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

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

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

(3) Five (5) days after the process, notice, or demand is deposited by the Secretary of State for delivery by the United States Postal Service, if postage is prepaid to the address of the principal office on file with the Secretary of State.

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

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

## ARTICLE 2 FILING AND ANNUAL REPORTS

SECTION 41. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-201 of Title 18, unless there is created a duplication in numbering, reads as follows:

SIGNING OF RECORDS DELIVERED FOR FILING TO SECRETARY OF STATE.

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

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

(2) A statement of cancellation under subsection (d) of Section 50 of this act must be signed by at least one organizer.

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

(4) A record filed on behalf of a dissolved association must be signed by a person winding up activities under Section 127 of this act or a person appointed under Section 127 of this act to wind up those activities.

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

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

SECTION 42. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-202 of Title 18, unless there is created a duplication in numbering, reads as follows:

SIGNING AND FILING OF RECORDS PURSUANT TO JUDICIAL ORDER.

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

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

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

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

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

SECTION 43. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-203 of Title 18, unless there is created a duplication in numbering, reads as follows:

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

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

(b) The Secretary of State, upon request and payment of the required fee, shall furnish a certified copy of any record filed by the Secretary of State under the Uniform Limited Cooperative Association Act to the person making the request.

(c) Except as otherwise provided in Sections 38 and 44 of this act, a record delivered to the Secretary of State for filing under the Uniform Limited Cooperative Association Act may specify an effective time and a delayed effective date that may include an effective time on that date. Except as otherwise provided in Sections 38 and 44 of this act, a record filed by the Secretary of

State under the Uniform Limited Cooperative Association Act is effective:

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

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

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

(A) the specified date; or

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

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

(A) the specified date; or

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

SECTION 44. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-204 of Title 18, unless there is created a duplication in numbering, reads as follows:

CORRECTING FILED RECORD.

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

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

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

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

(3) Correct the inaccurate information or defective signature.

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

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

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

SECTION 45. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-205 of Title 18, unless there is created a duplication in numbering, reads as follows:

LIABILITY FOR INACCURATE INFORMATION IN FILED RECORD.

If a record delivered to the Secretary of State for filing under the Uniform Limited Cooperative Association Act and filed by the Secretary of State contains inaccurate information, a person that suffers a loss by reliance on the information may recover damages for the loss from a person that signed the record or caused another to sign it on the person's behalf and knew at the time the record was signed that the information was inaccurate.

SECTION 46. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-206 of Title 18, unless there is created a duplication in numbering, reads as follows:

CERTIFICATE OF GOOD STANDING OR AUTHORIZATION.

(a) The Secretary of State, upon request and payment of the required fee, shall furnish any person that requests it a certificate of good standing for a limited cooperative association if the records filed in the Office of the Secretary of State show

that the Secretary of State has filed the association's articles of organization, that the association is in good standing, and that the Secretary of State has not filed a statement of termination.

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

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

SECTION 47. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-207 of Title 18, unless there is created a duplication in numbering, reads as follows:

ANNUAL REPORT FOR SECRETARY OF STATE.

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

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

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

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

(4) In the case of a foreign cooperative, the state or other jurisdiction under whose law the foreign cooperative is formed and any alternative name adopted under Section 146 of this act.

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

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

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

(e) If a filed annual report contains an address of the designated office, name of the agent for service of process, or address of the principal office which differs from the information shown in the records of the Secretary of State immediately before the filing, the differing information in the annual report is considered a statement of change.

(f) If a limited cooperative association fails to deliver an annual report under this section, the Secretary of State may proceed under Section 132 of this act to dissolve the association administratively.

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

SECTION 48. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-208 of Title 18, unless there is created a duplication in numbering, reads as follows:

FILING FEES.



The filing fees for records filed under the Uniform Limited Cooperative Association Act by the Secretary of State shall be:

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

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

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

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

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

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

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

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

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

### ARTICLE 3

#### FORMATION AND INITIAL ARTICLES OF ORGANIZATION OF LIMITED COOPERATIVE ASSOCIATION

SECTION 49. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-301 of Title 18, unless there is created a duplication in numbering, reads as follows:

ORGANIZERS.

A limited cooperative association must be organized by one or more organizers.

SECTION 50. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-302 of Title 18, unless there is created a duplication in numbering, reads as follows:

FORMATION OF LIMITED COOPERATIVE ASSOCIATION; ARTICLES OF ORGANIZATION.

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

(1) The name of the association;

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

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

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

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

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

(b) Subject to subsection (a) of Section 33 of this act, articles of organization may contain any other provisions in addition to those required by subsection (a) of this section.

(c) A limited cooperative association is formed after articles of organization that substantially comply with subsection (a) of this section are delivered to the Secretary of State, are filed, and become effective under subsection (c) of Section 43 of this act.

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

SECTION 51. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-303 of Title 18, unless there is created a duplication in numbering, reads as follows:

ORGANIZATION OF LIMITED COOPERATIVE ASSOCIATION.

(a) After a limited cooperative association is formed:

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

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

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

(c) Initial directors need not be members.

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

SECTION 52. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-304 of Title 18, unless there is created a duplication in numbering, reads as follows:

BYLAWS.

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

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

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

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

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

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

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

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

(6) A statement concerning:

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

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

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

(b) Subject to subsection (c) of Section 33 of this act and the articles of organization, bylaws may contain any other provision for managing and regulating the affairs of the association.

(c) In addition to amendments permitted under Article 4 of the Uniform Limited Cooperative Association Act, the initial board of directors may amend the bylaws by a majority vote of the directors at any time before the admission of members.

#### ARTICLE 4

##### AMENDMENT OF ORGANIC RULES OF LIMITED COOPERATIVE ASSOCIATION

SECTION 53. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-401 of Title 18, unless there is created a duplication in numbering, reads as follows:

##### AUTHORITY TO AMEND ORGANIC RULES.

(a) A limited cooperative association may amend its organic rules under this article for any lawful purpose. In addition, the initial board of directors may amend the bylaws of an association under Section 52 of this act.

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

SECTION 54. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-402 of Title 18, unless there is created a duplication in numbering, reads as follows:

##### NOTICE AND ACTION ON AMENDMENT OF ORGANIC RULES.

(a) Except as provided in subsection (a) of Section 53 of this act and subsection (f) of Section 57 of this act, the organic rules of a limited cooperative association may be amended only at a members meeting. An amendment may be proposed by either:

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

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

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

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

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

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

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

SECTION 55. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-403 of Title 18, unless there is created a duplication in numbering, reads as follows:

#### METHOD OF VOTING ON AMENDMENT OF ORGANIC RULES.

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

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

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

SECTION 56. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-404 of Title 18, unless there is created a duplication in numbering, reads as follows:

VOTING BY DISTRICT, CLASS, OR VOTING GROUP.

(a) This section applies if the organic rules provide for voting by district or class, or if there is one or more identifiable voting groups that a proposed amendment to the organic rules would affect differently from other members with respect to matters identified in paragraphs (1) through (5) of subsection (e) of Section 57 of this act. Approval of the amendment requires the same percentage of votes of the members of that district, class, or voting group required in Sections 57 and 73 of this act.

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

SECTION 57. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-405 of Title 18, unless there is created a duplication in numbering, reads as follows:

APPROVAL OF AMENDMENT.

(a) Subject to Section 56 of this act and subsections (c) and (d) of this section, an amendment to the articles of organization must be approved by:

(1) At least two-thirds (2/3) of the voting power of members present at a members meeting called under Section 54 of this act; and

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

(b) Subject to Section 56 of this act and subsections (c), (d), (e) and (f) of this section, an amendment to the bylaws must be approved by:

(1) At least a majority vote of the voting power of all members present at a members meeting called under Section 54 of this act, unless the organic rules require a greater percentage; and

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

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

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

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

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

(d) Consent in a record by a member must be delivered to a limited cooperative association before delivery of an amendment to the articles of organization or restated articles of organization for filing pursuant to Section 59 of this act, if as a result of the amendment the member will have:

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

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



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

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

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

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

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

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

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

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

SECTION 58. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-406 of Title 18, unless there is created a duplication in numbering, reads as follows:

RESTATED ARTICLES OF ORGANIZATION.

A limited cooperative association, by the affirmative vote of a majority of the board of directors taken at a meeting for which the purpose is stated in the notice of the meeting, may adopt restated

articles of organization that contain the original articles as previously amended. Restated articles may contain amendments if the restated articles are adopted in the same manner and with the same vote as required for amendments to the articles under subsection (a) of Section 57 of this act. Upon filing, restated articles supersede the existing articles and all amendments.

SECTION 59. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-407 of Title 18, unless there is created a duplication in numbering, reads as follows:

AMENDMENT OR RESTATEMENT OF ARTICLES OF ORGANIZATION; FILING.

(a) To amend its articles of organization, a limited cooperative association must deliver to the Secretary of State for filing an amendment of the articles, or restated articles of organization or articles of conversion or merger pursuant to Article 16 of the Uniform Limited Cooperative Association Act, which contain one or more amendments of the articles of organization, stating:

(1) The name of the association;

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

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

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

(1) Cause the articles to be amended; or

(2) If appropriate, deliver an amendment to the Secretary of State for filing pursuant to Section 43 of this act.

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

(d) Upon filing, an amendment of the articles of organization or other record containing an amendment of the articles which has been properly adopted by the members is effective as provided in subsection (c) of Section 43 of this act.

ARTICLE 5  
MEMBERS

SECTION 60. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-501 of Title 18, unless there is created a duplication in numbering, reads as follows:

MEMBERS.

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

SECTION 61. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-502 of Title 18, unless there is created a duplication in numbering, reads as follows:

BECOMING A MEMBER.

A person becomes a member:

- (1) As provided in the organic rules;
- (2) As the result of a merger or conversion under Article 16 of the Uniform Limited Cooperative Association Act; or
- (3) With the consent of all the members.

SECTION 62. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-503 of Title 18, unless there is created a duplication in numbering, reads as follows:

NO POWER AS MEMBER TO BIND ASSOCIATION.

A member, solely by reason of being a member, may not act for or bind the limited cooperative association.

SECTION 63. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-504 of Title 18, unless there is created a duplication in numbering, reads as follows:

NO LIABILITY AS MEMBER FOR ASSOCIATION'S OBLIGATIONS.

Unless the articles of organization otherwise provide, a debt, obligation, or other liability of a limited cooperative association is solely that of the association and is not the debt, obligation, or liability of a member solely by reason of being a member.

SECTION 64. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-505 of Title 18, unless there is created a duplication in numbering, reads as follows:

RIGHT OF MEMBER AND FORMER MEMBER TO INFORMATION.

(a) Not later than ten (10) business days after receipt of a demand made in a record, a limited cooperative association shall permit a member to obtain, inspect, and copy in the association's principal office required information listed in paragraphs (1) through (8) of subsection (a) of Section 34 of this act during regular business hours. A member need not have any particular purpose for seeking the information. The association is not required to provide the same information listed in paragraphs (2) through (8) of subsection (a) of Section 34 of this act to the same member more than once during a six-month period.

(b) On demand made in a record received by the limited cooperative association, a member may obtain, inspect, and copy in the association's principal office required information listed in paragraphs (9), (10), (12), (13), (16) and (18) of subsection (a) of Section 34 of this act during regular business hours, if:

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

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

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

(4) The demand is reasonable.

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

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

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

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

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

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

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

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

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

(f) Not later than ten (10) business days after receipt by a limited cooperative association of a demand made by a member in a record, but not more often than once in a six-month period, the association shall deliver to the member a record stating the

information with respect to the member required by paragraph (17) of subsection (a) of Section 34 of this act.

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

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

(i) A person that may obtain information under this section may obtain the information through an attorney or other agent. A restriction imposed on the person under subsection (g) of this section or by the organic rules applies to the attorney or other agent.

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

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

SECTION 65. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-506 of Title 18, unless there is created a duplication in numbering, reads as follows:

ANNUAL MEETING OF MEMBERS.

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

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

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

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

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

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

SECTION 66. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-507 of Title 18, unless there is created a duplication in numbering, reads as follows:

SPECIAL MEETING OF MEMBERS.

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

(1) As provided in the organic rules;

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

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

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

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

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

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

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

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

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

SECTION 67. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-508 of Title 18, unless there is created a duplication in numbering, reads as follows:

NOTICE OF MEMBERS MEETING.

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

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

(c) Notice of a special meeting of members must include each purpose of the meeting as contained in the demand under paragraph



(3) or (4) of subsection (a) of Section 66 of this act or as voted upon by the board of directors under paragraph (2) of subsection (a) of Section 66 of this act.

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

SECTION 68. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-509 of Title 18, unless there is created a duplication in numbering, reads as follows:

WAIVER OF MEMBERS MEETING NOTICE.

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

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

SECTION 69. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-510 of Title 18, unless there is created a duplication in numbering, reads as follows:

QUORUM OF MEMBERS.

Unless the organic rules otherwise require a greater number of members or percentage of the voting power, the voting member or members present at a members meeting constitute a quorum.

SECTION 70. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-511 of Title 18, unless there is created a duplication in numbering, reads as follows:

VOTING BY PATRON MEMBERS.

Except as provided by subsection (a) of Section 71 of this act, each patron member has one vote. The organic rules may allocate voting power among patron members as provided in subsection (a) of Section 71 of this act.

SECTION 71. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-512 of Title 18, unless there is created a duplication in numbering, reads as follows:

DETERMINATION OF VOTING POWER OF PATRON MEMBER.

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

(1) One member, one vote;

(2) Use or patronage;

(3) Equity; or

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

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

SECTION 72. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-513 of Title 18, unless there is created a duplication in numbering, reads as follows:

VOTING BY INVESTOR MEMBERS.

If the organic rules provide for investor members, each investor member has one vote, unless the organic rules otherwise provide. The organic rules may provide for the allocation of investor member voting power by class, classes, or any combination of classes.

SECTION 73. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-514 of Title 18, unless there is created a duplication in numbering, reads as follows:

VOTING REQUIREMENTS FOR MEMBERS.

If a limited cooperative association has both patron and investor members, the following rules apply:

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

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

(A) all members voting at the meeting unless more than a majority is required by Articles 4, 12, 15 through 16 of the Uniform Limited Cooperative Association Act or the organic rules; and

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

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

SECTION 74. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-515 of Title 18, unless there is created a duplication in numbering, reads as follows:

MANNER OF VOTING.

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

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

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

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

SECTION 75. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-516 of Title 18, unless there is created a duplication in numbering, reads as follows:

ACTION WITHOUT A MEETING.

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

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

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

SECTION 76. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-517 of Title 18, unless there is created a duplication in numbering, reads as follows:

DISTRICTS AND DELEGATES; CLASSES OF MEMBERS.

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

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

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

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

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

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

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

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

ARTICLE 6  
MEMBER'S INTEREST IN LIMITED COOPERATIVE ASSOCIATION

SECTION 77. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-601 of Title 18, unless there is created a duplication in numbering, reads as follows:

MEMBER'S INTEREST.

A member's interest:

- (1) Is personal property;
- (2) Consists of:
  - (A) governance rights;
  - (B) financial rights; and
  - (C) the right or obligation, if any, to do business with the limited cooperative association; and
- (3) May be in certificated or uncertificated form.

SECTION 78. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-602 of Title 18, unless there is created a duplication in numbering, reads as follows:

PATRON AND INVESTOR MEMBERS' INTERESTS.

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

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

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

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

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

SECTION 79. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-603 of Title 18, unless there is created a duplication in numbering, reads as follows:

TRANSFERABILITY OF MEMBER'S INTEREST.

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

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

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

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

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

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

(e) A transferee of a member's financial rights, to the extent the rights are transferred, has the right to share in the allocation

of profits or losses and to receive the distributions to the member transferring the interest to the same extent as the transferring member.

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

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

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

SECTION 80. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-604 of Title 18, unless there is created a duplication in numbering, reads as follows:

SECURITY INTEREST AND SET-OFF.

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

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

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

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

SECTION 81. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-605 of Title 18, unless there is created a duplication in numbering, reads as follows:

CHARGING ORDERS FOR JUDGMENT CREDITOR OF MEMBER OR TRANSFEREE.

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

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

(1) Appoint a receiver of the share of the distributions due or to become due to the judgment debtor under the judgment debtor's financial rights, with the power to make all inquiries the judgment debtor might have made; and

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

(c) Upon a showing that distributions under a charging order will not pay the judgment debt within a reasonable time, the court may foreclose the lien and order the sale of the financial rights. The purchaser at the foreclosure sale obtains only the financial rights that are subject to the charging order, does not thereby become a member, and is subject to Section 79 of this act.

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



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

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

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

## ARTICLE 7 MARKETING CONTRACTS

SECTION 82. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-701 of Title 18, unless there is created a duplication in numbering, reads as follows:

### AUTHORITY.

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

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

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

SECTION 83. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-702 of Title 18, unless there is created a duplication in numbering, reads as follows:

#### MARKETING CONTRACTS.

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

(b) A marketing contract may:

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

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

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

SECTION 84. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-703 of Title 18, unless there is created a duplication in numbering, reads as follows:

#### DURATION OF MARKETING CONTRACT.

The initial duration of a marketing contract may not exceed ten (10) years, but the contract may be self-renewing for additional periods not exceeding five (5) years each. Unless the contract provides for another manner or time for termination, either party may terminate the contract by giving notice in a record at least ninety (90) days before the end of the current term.

SECTION 85. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-704 of Title 18, unless there is created a duplication in numbering, reads as follows:

#### REMEDIES FOR BREACH OF CONTRACT.

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

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

- (1) An injunction to prevent further breach; and
- (2) Specific performance.

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

## ARTICLE 8 DIRECTORS AND OFFICERS

SECTION 86. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-801 of Title 18, unless there is created a duplication in numbering, reads as follows:

### BOARD OF DIRECTORS.

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

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

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

SECTION 87. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-802 of Title 18, unless there is created a duplication in numbering, reads as follows:

NO LIABILITY AS DIRECTOR FOR LIMITED COOPERATIVE ASSOCIATION'S OBLIGATIONS.

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

SECTION 88. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-803 of Title 18, unless there is created a duplication in numbering, reads as follows:

QUALIFICATIONS OF DIRECTORS.

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

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

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

- (1) One, if there are two through four directors;
- (2) Two, if there are five through eight directors; or
- (3) One-third (1/3) of the total number of directors if there are at least nine directors.

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

SECTION 89. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-804 of Title 18, unless there is created a duplication in numbering, reads as follows:

ELECTION OF DIRECTORS AND COMPOSITION OF BOARD.

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

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

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

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

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

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

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

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

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

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

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

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

(g) Except as otherwise provided by the organic rules, subsection (e) of this section, or Sections 51, 75, 76 and 94 of this act, member directors must be elected at an annual members meeting.

SECTION 90. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-805 of Title 18, unless there is created a duplication in numbering, reads as follows:

TERM OF DIRECTOR.

(a) Unless the organic rules otherwise provide, and subject to subsections (c) and (d) of this section and subsection (c) of Section 51 of this act, the term of a director expires at the annual members meeting following the director's election or appointment. The term of a director may not exceed three (3) years.

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

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

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

SECTION 91. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-806 of Title 18, unless there is created a duplication in numbering, reads as follows:

RESIGNATION OF DIRECTOR.

A director may resign at any time by giving notice in a record to the limited cooperative association. Unless the notice states a

later effective date, a resignation is effective when the notice is received by the association.

SECTION 92. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-807 of Title 18, unless there is created a duplication in numbering, reads as follows:

REMOVAL OF DIRECTOR.

Unless the organic rules otherwise provide, the following rules apply:

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

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

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

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

(B) mail or otherwise transmit or deliver in a record to the members entitled to vote on the removal, and to the director to be removed, notice of the meeting which complies with Section 67 of this act.

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

SECTION 93. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-808 of Title 18, unless there is created a duplication in numbering, reads as follows:

SUSPENSION OF DIRECTOR BY BOARD.

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

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

(2) Gross abuse of the position of director;

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

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

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

SECTION 94. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-809 of Title 18, unless there is created a duplication in numbering, reads as follows:

VACANCY ON BOARD.

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

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

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



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

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

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

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

SECTION 95. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-810 of Title 18, unless there is created a duplication in numbering, reads as follows:

#### REMUNERATION OF DIRECTORS.

Unless the organic rules otherwise provide, the board of directors may set the remuneration of directors and of nondirector committee members appointed under subsection (a) of Section 102 of this act.

SECTION 96. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-811 of Title 18, unless there is created a duplication in numbering, reads as follows:

#### MEETINGS.

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

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

SECTION 97. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-812 of Title 18, unless there is created a duplication in numbering, reads as follows:

ACTION WITHOUT MEETING.

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

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

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

SECTION 98. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-813 of Title 18, unless there is created a duplication in numbering, reads as follows:

MEETINGS AND NOTICE.

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

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

SECTION 99. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 840-814 of Title 18, unless there is created a duplication in numbering, reads as follows:

WAIVER OF NOTICE OF MEETING.

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

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

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

(2) The director promptly objects upon the introduction of any matter for which notice under Section 98 of this act has not been given and does not thereafter vote in favor of or otherwise assent to the action taken on the matter.

SECTION 100. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-815 of Title 18, unless there is created a duplication in numbering, reads as follows:

QUORUM.

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

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

(c) A director present at a meeting but objecting to notice under paragraph (1) or (2) of subsection (b) of Section 99 of this act does not count toward a quorum.

SECTION 101. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-816 of Title 18, unless there is created a duplication in numbering, reads as follows:

VOTING.

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

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

SECTION 102. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-817 of Title 18, unless there is created a duplication in numbering, reads as follows:

COMMITTEES.

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

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

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

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

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

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

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

SECTION 103. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-818 of Title 18, unless there is created a duplication in numbering, reads as follows:

STANDARDS OF CONDUCT AND LIABILITY.

Except as otherwise provided in Section 105 of this act:

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

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

SECTION 104. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-819 of Title 18, unless there is created a duplication in numbering, reads as follows:

CONFLICT OF INTEREST.

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

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

SECTION 105. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-820 of Title 18, unless there is created a duplication in numbering, reads as follows:

OTHER CONSIDERATIONS OF DIRECTORS.

Unless the articles of organization otherwise provide, in considering the best interests of a limited cooperative association,

a director of the association in discharging the duties of director, in conjunction with considering the long- and short-term interest of the association and its patron members, may consider:

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

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

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

SECTION 106. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-821 of Title 18, unless there is created a duplication in numbering, reads as follows:

RIGHT OF DIRECTOR OR COMMITTEE MEMBER TO INFORMATION.

A director or a member of a committee appointed under Section 102 of this act may obtain, inspect, and copy all information regarding the state of activities and financial condition of the limited cooperative association and other information regarding the activities of the association if the information is reasonably related to the performance of the director's duties as director or the committee member's duties as a member of the committee. Information obtained in accordance with this section may not be used in any manner that would violate any duty of or to the association.

SECTION 107. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 840-822 of Title 18, unless there is created a duplication in numbering, reads as follows:

APPOINTMENT AND AUTHORITY OF OFFICERS.

(a) A limited cooperative association has the officers:

(1) Provided in the organic rules; or

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

(b) The organic rules may designate or, if the rules do not designate, the board of directors shall designate, one of the association's officers for preparing all records required by Section 34 of this act and for the authentication of records.

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

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

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

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

SECTION 108. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-823 of Title 18, unless there is created a duplication in numbering, reads as follows:

#### RESIGNATION AND REMOVAL OF OFFICERS.

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

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

#### ARTICLE 9 INDEMNIFICATION

SECTION 109. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-901 of Title 18, unless there is created a duplication in numbering, reads as follows:

INDEMNIFICATION.

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

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

ARTICLE 10  
CONTRIBUTIONS, ALLOCATIONS, AND DISTRIBUTIONS

SECTION 110. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1001 of Title 18, unless there is created a duplication in numbering, reads as follows:

MEMBERS' CONTRIBUTIONS.

The organic rules must establish the amount, manner, or method of determining any contribution requirements for members or must authorize the board of directors to establish the amount, manner, or other method of determining any contribution requirements for members.

SECTION 111. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1002 of Title 18, unless there is created a duplication in numbering, reads as follows:

CONTRIBUTION AND VALUATION.

(a) Unless the organic rules otherwise provide, the contributions of a member to a limited cooperative association may consist of tangible or intangible property or other benefit to the association, including money, labor or other services performed or to be performed, promissory notes, other agreements to contribute money or property, and contracts to be performed.



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

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

SECTION 112. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1003 of Title 18, unless there is created a duplication in numbering, reads as follows:

CONTRIBUTION AGREEMENTS.

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

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

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

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

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

(b) Unless the organic rules or an agreement to make a contribution to a limited cooperative association otherwise

provides, if a person does not make a required contribution to an association, the person or the person's estate is obligated, at the option of the association, to contribute money equal to the value of the part of the contribution which has not been made.

SECTION 113. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1004 of Title 18, unless there is created a duplication in numbering, reads as follows:

ALLOCATIONS OF PROFITS AND LOSSES.

(a) The organic rules may provide for allocating profits of a limited cooperative association among members, among persons that are not members but conduct business with the association, to an unallocated account, or to any combination thereof. Unless the organic rules otherwise provide, losses of the association must be allocated in the same proportion as profits.

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

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

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

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

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

(1) An unallocated capital reserve; and

(2) Reasonable unallocated reserves for specific purposes, including expansion and replacement of capital assets; education, training, cooperative development; creation and distribution of information concerning principles of cooperation; and community responsibility.

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

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

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

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

SECTION 114. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1005 of Title 18, unless there is created a duplication in numbering, reads as follows:

#### DISTRIBUTIONS.

(a) Unless the organic rules otherwise provide and subject to Section 106 of this act, the board of directors may authorize, and the limited cooperative association may make, distributions to members.

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

SECTION 115. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1006 of Title 18, unless there is created a duplication in numbering, reads as follows:

REDEMPTION OR REPURCHASE.

Property distributed to a member by a limited cooperative association, other than money, may be redeemed or repurchased as provided in the organic rules but a redemption or repurchase may not be made without authorization by the board of directors. The board may withhold authorization for any reason in its sole discretion. A redemption or repurchase is treated as a distribution for purposes of Section 106 of this act.

SECTION 116. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1007 of Title 18, unless there is created a duplication in numbering, reads as follows:

LIMITATIONS ON DISTRIBUTIONS.

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

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

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

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

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

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

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

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

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

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

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

SECTION 117. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1008 of Title 18, unless there is created a duplication in numbering, reads as follows:

LIABILITY FOR IMPROPER DISTRIBUTIONS; LIMITATION OF ACTION.

(a) A director who consents to a distribution that violates Section 106 of this act is personally liable to the limited cooperative association for the amount of the distribution which exceeds the amount that could have been distributed without the violation if it is established that in consenting to the distribution the director failed to comply with Section 103 or 104 of this act.

(b) A member or transferee of financial rights which received a distribution knowing that the distribution was made in violation of Section 116 of this act is personally liable to the limited cooperative association to the extent the distribution exceeded the amount that could have been properly paid.

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

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

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

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

SECTION 118. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1009 of Title 18, unless there is created a duplication in numbering, reads as follows:

RELATION TO STATE SECURITIES LAW.

Patron members' interest in a limited cooperative association has the same exemption as provided for substantially similar interests in cooperatives under Section 437.27 of Title 18 of the Oklahoma Statutes.

#### ARTICLE 11 DISSOCIATION

SECTION 119. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1101 of Title 18, unless there is created a duplication in numbering, reads as follows:

MEMBER'S DISSOCIATION.

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

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

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

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

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

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

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

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

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

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

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

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

- (A) it is unlawful to carry on the association's activities with the member as a member;
- (B) there has been a transfer of all the member's financial rights in the association, other than:
  - (i) a creation or perfection of a security interest;  
or
  - (ii) a charging order in effect under Section 81 of this act which has not been foreclosed;
- (C) the member is a limited liability company, association, or partnership, which has been dissolved, and its business is being wound up; or
- (D) the member is a corporation or cooperative and:
  - (i) the member filed a certificate of dissolution or the equivalent, or the jurisdiction of formation revoked the association's charter or right to conduct business;
  - (ii) the association sends a notice to the member that it will be expelled as a member for a reason described in division (i) of this subparagraph; and
  - (iii) not later than ninety (90) days after the notice was sent under division (ii) of this subparagraph, the member did not revoke its certificate of dissolution or the equivalent, or the jurisdiction of formation did not reinstate the association's charter or right to conduct business; or
- (E) the member is an individual and is adjudged incompetent;

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



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

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

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

(9) The association participates in a merger if under the plan of merger as approved under Article 16 of the Uniform Limited Cooperative Association Act the member ceases to be a member.

SECTION 120. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1102 of Title 18, unless there is created a duplication in numbering, reads as follows:

EFFECT OF DISSOCIATION AS MEMBER.

(a) Upon a member's dissociation:

(1) Subject to Section 121 of this act, the person has no further rights as a member; and

(2) Subject to Section 121 of this act and Article 16 of the Uniform Limited Cooperative Association Act, any financial rights owned by the person in the person's capacity as a member immediately before dissociation are owned by the person as a transferee.

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

SECTION 121. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1103 of Title 18, unless there is created a duplication in numbering, reads as follows:

POWER OF ESTATE OF MEMBER.

Unless the organic rules provide for greater rights, if a member is dissociated because of death, dies or is expelled by reason of being adjudged incompetent, the member's personal representative or other legal representative may exercise the rights of a transferee of the member's financial rights and, for purposes of settling the estate of a deceased member, may exercise the informational rights of a current member to obtain information under Section 64 of this act.

ARTICLE 12  
DISSOLUTION

SECTION 122. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1201 of Title 18, unless there is created a duplication in numbering, reads as follows:

DISSOLUTION AND WINDING UP.

A limited cooperative association is dissolved only as provided in this article and upon dissolution winds up in accordance with this article.

SECTION 123. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1202 of Title 18, unless there is created a duplication in numbering, reads as follows:

NONJUDICIAL DISSOLUTION.

Except as otherwise provided in Sections 124 and 132 of this act, a limited cooperative association is dissolved and its activities must be wound up:

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

(2) Upon the action of the association's organizers, board of directors, or members under Section 125 or 126 of this act; or

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

- (A) has a sole member that is a cooperative; or
- (B) not later than the end of the ninety-day period, admits at least one member in accordance with the organic rules and has at least two members, at least one of which is a patron member.

SECTION 124. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1203 of Title 18, unless there is created a duplication in numbering, reads as follows:

JUDICIAL DISSOLUTION.

The district court may dissolve a limited cooperative association or order any action that under the circumstances is appropriate and equitable:

- (1) In a proceeding initiated by the Attorney General, if:
  - (A) the association obtained its articles of organization through fraud; or
  - (B) the association has continued to exceed or abuse the authority conferred upon it by law; or
- (2) In a proceeding initiated by a member, if:
  - (A) the directors are deadlocked in the management of the association's affairs, the members are unable to break the deadlock, and irreparable injury to the association is occurring or is threatened because of the deadlock;
  - (B) the directors or those in control of the association have acted, are acting, or will act in a manner that is illegal, oppressive, or fraudulent;
  - (C) the members are deadlocked in voting power and have failed to elect successors to directors whose terms have expired for two consecutive periods during which

annual members meetings were held or were to be held;  
or

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

SECTION 125. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1204 of Title 18, unless there is created a duplication in numbering, reads as follows:

VOLUNTARY DISSOLUTION BEFORE COMMENCEMENT OF ACTIVITY.

A majority of the organizers or initial directors of a limited cooperative association that has not yet begun business activity or the conduct of its affairs may dissolve the association.

SECTION 126. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1205 of Title 18, unless there is created a duplication in numbering, reads as follows:

VOLUNTARY DISSOLUTION BY THE BOARD AND MEMBERS.

(a) Except as otherwise provided in Section 125 of this act, for a limited cooperative association to voluntarily dissolve:

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

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

(3) The board of directors must mail or otherwise transmit or deliver to each member in a record that complies with Section 67 of this act:

- (A) the resolution required by paragraph (1) of this subsection;
- (B) a recommendation that the members vote in favor of the resolution or, if the board determines that because of

conflict of interest or other special circumstances it should not make a favorable recommendation, the basis of that determination; and

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

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

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

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

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

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

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

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

SECTION 127. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1206 of Title 18, unless there is created a duplication in numbering, reads as follows:

WINDING UP.

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

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

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

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

(3) Prosecute and defend actions and proceedings;

(4) Transfer association property; and

(5) Perform other necessary acts.

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

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

(2) The applicant establishes other good cause.

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

SECTION 128. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1207 of Title 18, unless there is created a duplication in numbering, reads as follows:

DISTRIBUTION OF ASSETS IN WINDING UP LIMITED COOPERATIVE ASSOCIATION.

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

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

SECTION 129. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1208 of Title 18, unless there is created a duplication in numbering, reads as follows:

KNOWN CLAIMS AGAINST DISSOLVED LIMITED COOPERATIVE ASSOCIATION.

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

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

- (1) Specify that a claim be in a record;
- (2) Specify the information required to be included in the claim;
- (3) Provide an address to which the claim must be sent;
- (4) State the deadline for receipt of the claim, which may not be less than one hundred twenty (120) days after the date the notice is received by the claimant; and
- (5) State that the claim will be barred if not received by the deadline.

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

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

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

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

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

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

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

SECTION 130. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1209 of Title 18, unless there is created a duplication in numbering, reads as follows:

OTHER CLAIMS AGAINST DISSOLVED LIMITED COOPERATIVE ASSOCIATION.

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

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

(1) Be published at least once in a newspaper of general circulation in the county in which the dissolved limited cooperative association's principal office is located or, if the association



does not have a principal office in this state, in the county in which the association's designated office is or was last located;

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

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

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

(1) A claimant that is entitled to but did not receive notice in a record under Section 129 of this act; and

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

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

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

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

SECTION 131. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1210 of Title 18, unless there is created a duplication in numbering, reads as follows:

COURT PROCEEDING.

(a) Upon application by a dissolved limited cooperative association that has published a notice under Section 130 of this act, the district court in the county where the association's principal office is located or, if the association does not have a principal office in this state, where its designated office in this state is located, may determine the amount and form of security to be provided for payment of claims against the association that are contingent, have not been made known to the association, or are based on an event occurring after the effective date of dissolution but that, based on the facts known to the association, are reasonably anticipated to arise after the effective date of dissolution.

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

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

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

SECTION 132. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1211 of Title 18, unless there is created a duplication in numbering, reads as follows:

ADMINISTRATIVE DISSOLUTION.

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

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

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

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

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

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

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

SECTION 133. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1212 of Title 18, unless there is created a duplication in numbering, reads as follows:

REINSTATEMENT FOLLOWING ADMINISTRATIVE DISSOLUTION.

(a) A limited cooperative association that has been dissolved administratively may apply to the Secretary of State for reinstatement not later than two (2) years after the effective date

of dissolution. The application must be delivered to the Secretary of State for filing and state:

(1) The name of the association and the effective date of its administrative dissolution;

(2) That the grounds for dissolution either did not exist or have been eliminated; and

(3) That the association's name satisfies the requirements of Section 31 of this act.

(b) If the Secretary of State determines that an application contains the information required by subsection (a) of this section and that the information is correct, the Secretary of State shall:

(1) Prepare a declaration of reinstatement;

(2) File the original of the declaration; and

(3) Serve a copy of the declaration on the association.

(c) When reinstatement under this section becomes effective, it relates back to and takes effect as of the effective date of the administrative dissolution, and the limited cooperative association may resume or continue its activities as if the administrative dissolution had not occurred.

SECTION 134. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1213 of Title 18, unless there is created a duplication in numbering, reads as follows:

DENIAL OF REINSTATEMENT; APPEAL.

(a) If the Secretary of State denies a limited cooperative association's application for reinstatement following administrative dissolution, the Secretary of State shall prepare and file a notice that explains the reason for denial and serve the association with a copy of the notice.

(b) Not later than thirty (30) days after service of a notice of denial of reinstatement by the Secretary of State, a limited

cooperative association may appeal the denial by petitioning the district court to set aside the dissolution. The petition must be served on the Secretary of State and contain a copy of the Secretary of State's declaration of dissolution, the association's application for reinstatement, and the Secretary of State's notice of denial.

(c) The court may summarily order the Secretary of State to reinstate the dissolved cooperative association or may take other action the court considers appropriate.

SECTION 135. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1214 of Title 18, unless there is created a duplication in numbering, reads as follows:

STATEMENT OF DISSOLUTION.

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

- (1) The name of the association;
- (2) The date the association dissolved or will dissolve; and
- (3) Any other information the association considers relevant.

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

- (1) Ninety (90) days after a statement of dissolution is filed;  
or
- (2) The effective date stated in the statement of dissolution.

SECTION 136. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1215 of Title 18, unless there is created a duplication in numbering, reads as follows:

STATEMENT OF TERMINATION.

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

(1) The name of the association;

(2) The date of filing of its initial articles of organization;  
and

(3) That the association is terminated.

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

ARTICLE 13  
ACTION BY MEMBER

SECTION 137. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1301 of Title 18, unless there is created a duplication in numbering, reads as follows:

DERIVATIVE ACTION.

A member may maintain a derivative action to enforce a right of a limited cooperative association if:

(1) The member demands that the association bring an action to enforce the right; and

(2) Any of the following occur:

(A) the association does not, within ninety (90) days after the member makes the demand, agree to bring the action;

(B) the association notifies the member that it has rejected the demand;

(C) irreparable harm to the association would result by waiting ninety (90) days after the member makes the demand; or

- (D) the association agrees to bring an action demanded and fails to bring the action within a reasonable time.

SECTION 138. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1302 of Title 18, unless there is created a duplication in numbering, reads as follows:

PROPER PLAINTIFF.

(a) A derivative action to enforce a right of a limited cooperative association may be maintained only by a person that:

(1) Is a member or a dissociated member at the time the action is commenced and:

(A) was a member when the conduct giving rise to the action occurred; or

(B) whose status as a member devolved upon the person by operation of law or the organic rules from a person that was a member at the time of the conduct; and

(2) Adequately represents the interests of the association.

(b) If the sole plaintiff in a derivative action dies while the action is pending, the court may permit another member who meets the requirements of subsection (a) of this section to be substituted as plaintiff.

SECTION 139. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1303 of Title 18, unless there is created a duplication in numbering, reads as follows:

PLEADING.

In a derivative action to enforce a right of a limited cooperative association, the complaint must state:

(1) The date and content of the plaintiff's demand under paragraph (1) of Section 137 of this act and the association's response;

(2) If ninety (90) days have not expired since the demand, how irreparable harm to the association would result by waiting for the expiration of ninety (90) days; and

(3) If the association agreed to bring an action demanded, that the action has not been brought within a reasonable time.

SECTION 140. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1304 of Title 18, unless there is created a duplication in numbering, reads as follows:

APPROVAL FOR DISCONTINUANCE OR SETTLEMENT.

A derivative action to enforce a right of a limited cooperative association may not be discontinued or settled without the court's approval.

SECTION 141. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1305 of Title 18, unless there is created a duplication in numbering, reads as follows:

PROCEEDS AND EXPENSES.

(a) Except as otherwise provided in subsection (b) of this section:

(1) Any proceeds or other benefits of a derivative action to enforce a right of a limited cooperative association, whether by judgment, compromise, or settlement, belong to the association and not to the plaintiff; and

(2) If the plaintiff in the derivative action receives any proceeds, the plaintiff shall immediately remit them to the association.

(b) If a derivative action to enforce a right of a limited cooperative association is successful in whole or in part, the court may award the plaintiff reasonable expenses, including reasonable attorney fees and costs, from the recovery of the association.

ARTICLE 14  
FOREIGN COOPERATIVES



SECTION 142. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1401 of Title 18, unless there is created a duplication in numbering, reads as follows:

GOVERNING LAW.

(a) The law of the state or other jurisdiction under which a foreign cooperative is organized governs relations among the members of the foreign cooperative and between the members and the foreign cooperative.

(b) A foreign cooperative may not be denied a certificate of authority because of any difference between the law of the jurisdiction under which the foreign cooperative is organized and the law of this state.

(c) A certificate of authority does not authorize a foreign cooperative to engage in any activity or exercise any power that a limited cooperative association may not engage in or exercise in this state.

SECTION 143. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1402 of Title 18, unless there is created a duplication in numbering, reads as follows:

APPLICATION FOR CERTIFICATE OF AUTHORITY.

(a) A foreign cooperative may apply for a certificate of authority by delivering an application to the Secretary of State for filing. The application must state:

(1) The name of the foreign cooperative and, if the name does not comply with Section 31 of this act, an alternative name adopted pursuant to Section 146 of this act;

(2) The name of the state or other jurisdiction under whose law the foreign cooperative is organized;

(3) The street address and, if different, mailing address of the principal office and, if the law of the jurisdiction under which the foreign cooperative is organized requires the foreign

cooperative to maintain another office in that jurisdiction, the street address and, if different, mailing address of the required office;

(4) The street address and, if different, mailing address of the foreign cooperative's designated office in this state, and the name of the foreign cooperative's agent for service of process at the designated office; and

(5) The name, street address and, if different, mailing address of each of the foreign cooperative's current directors and officers.

(b) A foreign cooperative shall deliver with a completed application under subsection (a) of this section a certificate of good standing or a similar record signed by the Secretary of State or other official having custody of the foreign cooperative's publicly filed records in the state or other jurisdiction under whose law the foreign cooperative is organized.

SECTION 144. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1403 of Title 18, unless there is created a duplication in numbering, reads as follows:

ACTIVITIES NOT CONSTITUTING TRANSACTING BUSINESS.

(a) Activities of a foreign cooperative which do not constitute transacting business in this state under this article include:

(1) Maintaining, defending, and settling an action or proceeding;

(2) Holding meetings of the foreign cooperative's members or directors or carrying on any other activity concerning the foreign cooperative's internal affairs;

(3) Maintaining accounts in financial institutions;

(4) Maintaining offices or agencies for the transfer, exchange, and registration of the foreign cooperative's own securities or maintaining trustees or depositories with respect to those securities;

(5) Selling through independent contractors;

(6) Soliciting or obtaining orders, whether by mail or electronic means, through employees, agents, or otherwise, if the orders require acceptance outside this state before they become contracts;

(7) Creating or acquiring indebtedness, mortgages, or security interests in real or personal property;

(8) Securing or collecting debts or enforcing mortgages or other security interests in property securing the debts, and holding, protecting, and maintaining property so acquired;

(9) Conducting an isolated transaction that is completed within thirty (30) days and is not one in the course of similar transactions; and

(10) Transacting business in interstate commerce.

(b) For purposes of this article, the ownership in this state of income-producing real property or tangible personal property, other than property excluded under subsection (a) of this section, constitutes transacting business in this state.

(c) This section does not apply in determining the contacts or activities that may subject a foreign cooperative to service of process, taxation, or regulation under law of this state other than the Uniform Limited Cooperative Association Act.

SECTION 145. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1404 of Title 18, unless there is created a duplication in numbering, reads as follows:

#### ISSUANCE OF CERTIFICATE OF AUTHORITY.

Unless the Secretary of State determines that an application for a certificate of authority does not comply with the filing requirements of the Uniform Limited Cooperative Association Act, the Secretary of State, upon payment by the foreign cooperative of all filing fees, shall file the application, issue a certificate of authority, and send a copy of the filed certificate, together with a

receipt for the fees, to the foreign cooperative or its representative.

SECTION 146. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1405 of Title 18, unless there is created a duplication in numbering, reads as follows:

NONCOMPLYING NAME OF FOREIGN COOPERATIVE.

(a) A foreign cooperative whose name does not comply with Section 31 of this act may not obtain a certificate of authority until it adopts, for the purpose of transacting business in this state, an alternative name that complies with Section 31 of this act. After obtaining a certificate of authority with an alternative name, a foreign cooperative's business in this state must be transacted under that name.

(b) If a foreign cooperative authorized to transact business in this state changes its name to one that does not comply with Section 31 of this act, it may not thereafter transact business in this state until it complies with subsection (a) of this section and obtains an amended certificate of authority.

SECTION 147. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1406 of Title 18, unless there is created a duplication in numbering, reads as follows:

REVOCATION OF CERTIFICATE OF AUTHORITY.

(a) A certificate of authority may be revoked by the Secretary of State in the manner provided in subsection (b) of this section if the foreign cooperative does not:

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

(2) Deliver, not later than sixty (60) days after the due date, its annual report;

(3) Appoint and maintain an agent for service of process; or

(4) Deliver for filing a statement of change not later than thirty (30) days after a change has occurred in the name of the agent or the address of the foreign cooperative's designated office.

(b) To revoke a certificate of authority, the Secretary of State must file a notice of revocation and send a copy to the foreign cooperative's registered agent for service of process in this state or, if the foreign cooperative does not appoint and maintain an agent for service of process in this state, to the foreign cooperative's principal office. The notice must state:

(1) The revocation's effective date, which must be at least sixty (60) days after the date the Secretary of State sends the copy; and

(2) The foreign cooperative's noncompliance that is the reason for the revocation.

(c) The authority of a foreign cooperative to transact business in this state ceases on the effective date of the notice of revocation unless before that date the foreign cooperative cures each failure to comply stated in the notice. If the foreign cooperative cures the failures, the Secretary of State shall so indicate on the filed notice.

SECTION 148. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1407 of Title 18, unless there is created a duplication in numbering, reads as follows:

CANCELLATION OF CERTIFICATE OF AUTHORITY; EFFECT OF FAILURE TO HAVE CERTIFICATE.

(a) To cancel its certificate of authority, a foreign cooperative must deliver to the Secretary of State for filing a notice of cancellation. The certificate is canceled when the notice becomes effective under Section 43 of this act.

(b) A foreign cooperative transacting business in this state may not maintain an action or proceeding in this state unless it has a certificate of authority.

(c) The failure of a foreign cooperative to have a certificate of authority does not impair the validity of a contract or act of the foreign cooperative or prevent the foreign cooperative from defending an action or proceeding in this state.

(d) A member of a foreign cooperative is not liable for the obligations of the foreign cooperative solely by reason of the foreign cooperative's having transacted business in this state without a certificate of authority.

(e) If a foreign cooperative transacts business in this state without a certificate of authority or cancels its certificate, it appoints the Secretary of State as its agent for service of process for an action arising out of the transaction of business in this state.

SECTION 149. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1408 of Title 18, unless there is created a duplication in numbering, reads as follows:

ACTION BY ATTORNEY GENERAL.

The Attorney General may maintain an action to restrain a foreign cooperative from transacting business in this state in violation of this article.

ARTICLE 15  
DISPOSITION OF ASSETS

SECTION 150. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1501 of Title 18, unless there is created a duplication in numbering, reads as follows:

DISPOSITION OF ASSETS NOT REQUIRING MEMBER APPROVAL.

Unless the articles of organization otherwise provide, member approval under Section 151 of this act is not required for a limited cooperative association to:

(1) Sell, lease, exchange, license, or otherwise dispose of all or any part of the assets of the association in the usual and regular course of business; or

(2) Mortgage, pledge, dedicate to the repayment of indebtedness, or encumber in any way all or any part of the assets of the association whether or not in the usual and regular course of business.

SECTION 151. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1502 of Title 18, unless there is created a duplication in numbering, reads as follows:

MEMBER APPROVAL OF OTHER DISPOSITION OF ASSETS.

A sale, lease, exchange, license, or other disposition of assets of a limited cooperative association, other than a disposition described in Section 150 of this act, requires approval of the association's members under Sections 152 and 153 of this act if the disposition leaves the association without significant continuing business activity.

SECTION 152. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1503 of Title 18, unless there is created a duplication in numbering, reads as follows:

NOTICE AND ACTION ON DISPOSITION OF ASSETS.

For a limited cooperative association to dispose of assets under Section 151 of this act:

(1) A majority of the board of directors, or a greater percentage if required by the organic rules, must approve the proposed disposition; and

(2) The board of directors must call a members meeting to consider the proposed disposition, hold the meeting not later than ninety (90) days after approval of the proposed disposition by the board, and mail or otherwise transmit or deliver in a record to each member:

(A) the terms of the proposed disposition;

(B) a recommendation that the members approve the disposition, or if the board determines that because

of conflict of interest or other special circumstances it should not make a favorable recommendation, the basis for that determination;

- (C) a statement of any condition of the board's submission of the proposed disposition to the members; and
- (D) notice of the meeting at which the proposed disposition will be considered, which must be given in the same manner as notice of a special meeting of members.

SECTION 153. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1504 of Title 18, unless there is created a duplication in numbering, reads as follows:

DISPOSITION OF ASSETS.

(a) Subject to subsection (b) of this section, a disposition of assets under Section 151 of this act must be approved by:

(1) At least two-thirds (2/3) of the voting power of members present at a members meeting called under paragraph (2) of Section 152 of this act; and

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

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

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

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

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

(c) Subject to any contractual obligations, after a disposition of assets is approved and at any time before the consummation of the



disposition, a limited cooperative association may approve an amendment to the contract for disposition or the resolution authorizing the disposition or approve abandonment of the disposition:

(1) As provided in the contract or the resolution; and

(2) Except as prohibited by the resolution, with the same affirmative vote of the board of directors and of the members as was required to approve the disposition.

(d) The voting requirements for districts, classes, or voting groups under Section 56 of this act apply to approval of a disposition of assets under this article.

#### ARTICLE 16 CONVERSION AND MERGER

SECTION 154. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1601 of Title 18, unless there is created a duplication in numbering, reads as follows:

##### DEFINITIONS.

In this article:

(1) "Constituent entity" means an entity that is a party to a merger.

(2) "Constituent limited cooperative association" means a limited cooperative association that is a party to a merger.

(3) "Converted entity" means the organization into which a converting entity converts pursuant to Sections 155 through 158 of this act.

(4) "Converting entity" means an entity that converts into another entity pursuant to Sections 155 through 158 of this act.

(5) "Converting limited cooperative association" means a converting entity that is a limited cooperative association.

(6) "Organizational documents" means articles of incorporation, bylaws, articles of organization, operating agreements, partnership agreements, or other documents serving a similar function in the creation and governance of an entity.

(7) "Personal liability" means personal liability for a debt, liability, or other obligation of an entity imposed, by operation of law or otherwise, on a person that co-owns or has an interest in the entity:

- (A) by the entity's organic law solely because of the person co-owning or having an interest in the entity; or
- (B) by the entity's organizational documents under a provision of the entity's organic law authorizing those documents to make one or more specified persons liable for all or specified parts of the entity's debts, liabilities, and other obligations solely because the person co-owns or has an interest in the entity.

(8) "Surviving entity" means an entity into which one or more other entities are merged, whether the entity existed before the merger or is created by the merger.

SECTION 155. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1602 of Title 18, unless there is created a duplication in numbering, reads as follows:

#### CONVERSION.

(a) An entity that is not a limited cooperative association may convert to a limited cooperative association and a limited cooperative association may convert to an entity that is not a limited cooperative association pursuant to this section, Sections 156 through 158 of this act, and a plan of conversion, if:

- (1) The other entity's organic law authorizes the conversion;
- (2) The conversion is not prohibited by the law of the jurisdiction that enacted the other entity's organic law; and

(3) The other entity complies with its organic law in effecting the conversion.

(b) A plan of conversion must be in a record and must include:

(1) The name and form of the entity before conversion;

(2) The name and form of the entity after conversion;

(3) The terms and conditions of the conversion, including the manner and basis for converting interests in the converting entity into any combination of money, interests in the converted entity, and other consideration; and

(4) The organizational documents of the proposed converted entity.

SECTION 156. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1603 of Title 18, unless there is created a duplication in numbering, reads as follows:

ACTION ON PLAN OF CONVERSION BY CONVERTING LIMITED COOPERATIVE ASSOCIATION.

(a) For a limited cooperative association to convert to another entity, a plan of conversion must be approved by a majority of the board of directors, or a greater percentage if required by the organic rules, and the board of directors must call a members meeting to consider the plan of conversion, hold the meeting not later than ninety (90) days after approval of the plan by the board, and mail or otherwise transmit or deliver in a record to each member:

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

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

(3) A statement of any condition of the board's submission of the plan of conversion to the members; and

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

(b) Subject to subsections (c) and (d) of this section, a plan of conversion must be approved by:

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

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

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

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

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

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

(d) The vote required to approve a plan of conversion may not be less than the vote required for the members of the limited cooperative association to amend the articles of organization.

(e) Consent in a record to a plan of conversion by a member must be delivered to the limited cooperative association before delivery of articles of conversion for filing if as a result of the conversion the member will have:

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

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

(f) Subject to subsection (e) of this section and any contractual rights, after a conversion is approved and at any time before the effective date of the conversion, a converting limited cooperative association may amend a plan of conversion or abandon the planned conversion:

(1) As provided in the plan; and

(2) Except as prohibited by the plan, by the same affirmative vote of the board of directors and of the members as was required to approve the plan.

(g) The voting requirements for districts, classes, or voting groups under Section 56 of this act apply to approval of a conversion under this article.

SECTION 157. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1604 of Title 18, unless there is created a duplication in numbering, reads as follows:

FILINGS REQUIRED FOR CONVERSION; EFFECTIVE DATE.

(a) After a plan of conversion is approved:

(1) A converting limited cooperative association shall deliver to the Secretary of State for filing articles of conversion, which must include:

(A) a statement that the limited cooperative association has been converted into another entity;

(B) the name and form of the converted entity and the jurisdiction of its governing statute;

(C) the date the conversion is effective under the governing statute of the converted entity;

(D) a statement that the conversion was approved as required by the Uniform Limited Cooperative Association Act;

- (E) a statement that the conversion was approved as required by the governing statute of the converted entity; and
- (F) if the converted entity is an entity organized in a jurisdiction other than this state and is not authorized to transact business in this state, the street address and, if different, mailing address of an office which the Secretary of State may use for purposes of Section 40 of this act; and

(2) If the converting entity is not a converting limited cooperative association, the converting entity shall deliver to the Secretary of State for filing articles of organization, which must include, in addition to the information required by Section 50 of this act:

- (A) a statement that the association was converted from another entity;
- (B) the name and form of the converting entity and the jurisdiction of its governing statute; and
- (C) a statement that the conversion was approved in a manner that complied with the converting entity's governing statute.

(b) A conversion becomes effective:

(1) If the converted entity is a limited cooperative association, when the articles of conversion take effect pursuant to subsection (c) of Section 43 of this act; or

(2) If the converted entity is not a limited cooperative association, as provided by the governing statute of the converted entity.

SECTION 158. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1605 of Title 18, unless there is created a duplication in numbering, reads as follows:

EFFECT OF CONVERSION.

(a) An entity that has been converted pursuant to this article is for all purposes the same entity that existed before the conversion and is not a new entity but, after conversion, is organized under the organic law of the converted entity and is subject to that law and other law as it applies to the converted entity.

(b) When a conversion takes effect under this article:

(1) All property owned by the converting entity remains vested in the converted entity;

(2) All debts, liabilities, and other obligations of the converting entity continue as obligations of the converted entity;

(3) An action or proceeding pending by or against the converting entity may be continued as if the conversion had not occurred;

(4) Except as prohibited by other law, all the rights, privileges, immunities, powers, and purposes of the converting entity remain vested in the converted entity;

(5) Except as otherwise provided in the plan of conversion, the terms and conditions of the plan of conversion take effect; and

(6) Except as otherwise provided in the plan of conversion, the conversion does not dissolve a converting limited cooperative association for purposes of Article 12 of the Uniform Limited Cooperative Association Act.

(c) A converted entity that is an entity organized under the laws of a jurisdiction other than this state consents to the jurisdiction of the courts of this state to enforce any obligation owed by the converting limited cooperative association if, before the conversion, the converting limited cooperative association was subject to suit in this state on the obligation. A converted entity that is an entity organized under the laws of a jurisdiction other than this state and not authorized to transact business in this state appoints the Secretary of State as its agent for service of process for purposes of enforcing an obligation under this

subsection. Service on the Secretary of State under this subsection is made in the same manner and with the same consequences as under subsections (c) and (d) of Section 40 of this act.

SECTION 159. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1606 of Title 18, unless there is created a duplication in numbering, reads as follows:

MERGER.

(a) One or more limited cooperative associations may merge with one or more other entities pursuant to this article and a plan of merger if:

(1) The governing statute of each of the other entities authorizes the merger;

(2) The merger is not prohibited by the law of a jurisdiction that enacted any of those governing statutes; and

(3) Each of the other entities complies with its governing statute in effecting the merger.

(b) A plan of merger must be in a record and must include:

(1) The name and form of each constituent entity;

(2) The name and form of the surviving entity and, if the surviving entity is to be created by the merger, a statement to that effect;

(3) The terms and conditions of the merger, including the manner and basis for converting the interests in each constituent entity into any combination of money, interests in the surviving entity, and other consideration;

(4) If the surviving entity is to be created by the merger, the surviving entity's organizational documents;

(5) If the surviving entity is not to be created by the merger, any amendments to be made by the merger to the surviving entity's organizational documents; and



(6) If a member of a constituent limited cooperative association will have personal liability with respect to a surviving entity, the identity of the member by descriptive class or other reasonable manner.

SECTION 160. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1607 of Title 18, unless there is created a duplication in numbering, reads as follows:

NOTICE AND ACTION ON PLAN OF MERGER BY CONSTITUENT LIMITED COOPERATIVE ASSOCIATION.

(a) For a limited cooperative association to merge with another entity, a plan of merger must be approved by a majority vote of the board of directors or a greater percentage if required by the association's organic rules.

(b) The board of directors shall call a members meeting to consider a plan of merger approved by the board, hold the meeting not later than ninety (90) days after approval of the plan by the board, and mail or otherwise transmit or deliver in a record to each member:

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

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

(3) A statement of any condition of the board's submission of the plan of merger to the members; and

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

SECTION 161. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1608 of Title 18, unless there is created a duplication in numbering, reads as follows:

APPROVAL OR ABANDONMENT OF MERGER BY MEMBERS.

(a) Subject to subsections (b) and (c) of this section, a plan of merger must be approved by:

(1) At least two-thirds (2/3) of the voting power of members present at a members meeting called under subsection (b) of Section 160 of this act; and

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

(b) The organic rules may provide that the percentage of votes under paragraph (1) of subsection (a) of this section is:

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

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

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

(c) The vote required to approve a plan of merger may not be less than the vote required for the members of the limited cooperative association to amend the articles of organization.

(d) Consent in a record to a plan of merger by a member must be delivered to the limited cooperative association before delivery of articles of merger for filing pursuant to Section 162 of this act if as a result of the merger the member will have:

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

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

(e) Subject to subsection (d) of this section and any contractual rights, after a merger is approved, and at any time before the effective date of the merger, a limited cooperative association that is a party to the merger may approve an amendment to the plan of merger or approve abandonment of the planned merger:

(1) As provided in the plan; and

(2) Except as prohibited by the plan, with the same affirmative vote of the board of directors and of the members as was required to approve the plan.

(f) The voting requirements for districts, classes, or voting groups under Section 56 of this act apply to approval of a merger under this article.

SECTION 162. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1609 of Title 18, unless there is created a duplication in numbering, reads as follows:

FILINGS REQUIRED FOR MERGER; EFFECTIVE DATE.

(a) After each constituent entity has approved a merger, articles of merger must be signed on behalf of each constituent entity by an authorized representative.

(b) The articles of merger must include:

(1) The name and form of each constituent entity and the jurisdiction of its governing statute;

(2) The name and form of the surviving entity, the jurisdiction of its governing statute, and, if the surviving entity is created by the merger, a statement to that effect;

(3) The date the merger is effective under the governing statute of the surviving entity;

(4) If the surviving entity is to be created by the merger and:

(A) will be a limited cooperative association, the limited cooperative association's articles of organization; or

(B) will be an entity other than a limited cooperative association, the organizational document that creates the entity;

(5) If the surviving entity is not created by the merger, any amendments provided for in the plan of merger to the organizational document that created the entity;

(6) A statement as to each constituent entity that the merger was approved as required by the entity's governing statute;

(7) If the surviving entity is a foreign organization not authorized to transact business in this state, the street address and, if different, mailing address of an office which the Secretary of State may use for the purposes of Section 40 of this act; and

(8) Any additional information required by the governing statute of any constituent entity.

(c) Each limited cooperative association that is a party to a merger shall deliver the articles of merger to the Secretary of State for filing.

(d) A merger becomes effective under this article:

(1) If the surviving entity is a limited cooperative association, upon the later of:

(A) compliance with subsection (c) of this section; or

(B) subject to subsection (c) of Section 43 of this act, as specified in the articles of merger; or

(2) If the surviving entity is not a limited cooperative association, as provided by the governing statute of the surviving entity.

SECTION 163. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1610 of Title 18, unless there is created a duplication in numbering, reads as follows:

EFFECT OF MERGER.

(a) When a merger becomes effective:

(1) The surviving entity continues or comes into existence;

(2) Each constituent entity that merges into the surviving entity ceases to exist as a separate entity;

(3) All property owned by each constituent entity that ceases to exist vests in the surviving entity;

(4) All debts, liabilities, and other obligations of each constituent entity that ceases to exist continue as obligations of the surviving entity;

(5) An action or proceeding pending by or against any constituent entity that ceases to exist may be continued as if the merger had not occurred;

(6) Except as prohibited by law other than the Uniform Limited Cooperative Association Act, all rights, privileges, immunities, powers, and purposes of each constituent entity that ceases to exist vest in the surviving entity;

(7) Except as otherwise provided in the plan of merger, the terms and conditions of the plan take effect;

(8) Except as otherwise provided in the plan of merger, if a merging limited cooperative association ceases to exist, the merger does not dissolve the association for purposes of Article 12 of the Uniform Limited Cooperative Association Act;

(9) If the surviving entity is created by the merger and:

(A) is a limited cooperative association, the articles of organization become effective; or

(B) is an entity other than a limited cooperative association, the organizational document that creates the entity becomes effective; and

(10) If the surviving entity is not created by the merger, any amendments made by the articles of merger for the organizational documents of the surviving entity become effective.

(b) A surviving entity that is an entity organized under the laws of a jurisdiction other than this state consents to the jurisdiction of the courts of this state to enforce any obligation owed by the constituent entity if, before the merger, the constituent entity was subject to suit in this state on the obligation. A surviving entity that is an entity organized under the laws of a jurisdiction other than this state and not authorized to transact business in this state appoints the Secretary of State as its agent for service of process for purposes of enforcing an obligation under this subsection. Service on the Secretary of State under this subsection is made in the same manner and with the same consequences as in subsections (c) and (d) of Section 40 of this act.

SECTION 164. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1611 of Title 18, unless there is created a duplication in numbering, reads as follows:

CONSOLIDATION.

(a) Constituent entities that are limited cooperative associations or foreign cooperatives may agree to call a merger a consolidation under this article.

(b) All provisions governing mergers or using the term merger in this act apply equally to mergers that the constituent entities choose to call consolidations under subsection (a) of this section.

SECTION 165. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1612 of Title 18, unless there is created a duplication in numbering, reads as follows:

ARTICLE NOT EXCLUSIVE.

This article does not prohibit a limited cooperative association from being converted or merged under law other than the Uniform Limited Cooperative Association Act.

ARTICLE 17  
MISCELLANEOUS PROVISIONS

SECTION 166. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1701 of Title 18, unless there is created a duplication in numbering, reads as follows:

UNIFORMITY OF APPLICATION AND CONSTRUCTION.

In applying and construing this uniform act, consideration must be given to the need to promote uniformity of the law with respect to its subject matter among states that enact it.

SECTION 167. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1702 of Title 18, unless there is created a duplication in numbering, reads as follows:

RELATION TO ELECTRONIC SIGNATURES IN GLOBAL AND NATIONAL  
COMMERCE ACT.

The Uniform Limited Cooperative Association Act modifies, limits, or supersedes the federal Electronic Signatures in Global and National Commerce Act, 15 U.S.C., Section 7001 et seq., but does not modify, limit, or supersede Section 101(c) of that act, 15 U.S.C., Section 7001(c) or authorize electronic delivery of any of the notices described in Section 103(b) of that act, 15 U.S.C., Section 7003(b).

SECTION 168. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1703 of Title 18, unless there is created a duplication in numbering, reads as follows:

SAVINGS CLAUSE.

The Uniform Limited Cooperative Association Act does not affect an action or proceeding commenced, or right accrued, before November 1, 2008.

SECTION 169. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1704 of Title 18, unless there is created a duplication in numbering, reads as follows:

ACT DEEMED AMENDMENT OF CONSTITUTION.

It is the intent of the Legislature that the Uniform Limited Cooperative Association Act be an amendment to, and alteration of, Sections 18 through 34, inclusive, of Article IX of the Constitution of the State of Oklahoma, as authorized by Section 35 of Article IX of the Constitution of the State of Oklahoma.

SECTION 170. AMENDATORY 18 O.S. 2001, Section 435, is amended to read as follows:

Section 435. No person, firm or association, nor any corporation other than such as shall be organized pursuant to Sections 421 through 439.2 of this title or pursuant to the Uniform Limited Cooperative Association Act, shall make use of the word "cooperative", in the name under which its or their business is carried on. Whoever shall violate the provisions of this section shall be punishable by fine of not exceeding One Hundred Dollars (\$100.00) for each offense. The violation of this section may furthermore be enjoined at the suit of any citizen of the state.

ARTICLE 1

GENERAL PROVISIONS

SECTION 171. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-101 of Title 54, unless there is created a duplication in numbering, reads as follows:

SHORT TITLE.

Section 171 through 277 of this act shall be known and may be cited as the "Uniform Limited Partnership Act of 2008".

SECTION 172. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-102 of Title 54, unless there is created a duplication in numbering, reads as follows:

DEFINITIONS.

In the Uniform Limited Partnership Act of 2008:



(1) "Certificate of limited partnership" means the certificate required by Section 189 of this act. The term includes the certificate as amended or restated.

(2) "Contribution", except in the phrase "right of contribution", means any benefit provided by a person to a limited partnership in order to become a partner or in the person's capacity as a partner.

(3) "Debtor in bankruptcy" means a person that is the subject of:

(A) an order for relief under Title 11 of the United States Code or a comparable order under a successor statute of general application; or

(B) a comparable order under federal, state, or foreign law governing insolvency.

(4) "Designated office" means:

(A) with respect to a limited partnership, the office that the limited partnership is required to designate and maintain under Section 184 of this act; and

(B) with respect to a foreign limited partnership, its principal office.

(5) "Distribution" means a transfer of money or other property from a limited partnership to a partner in the partner's capacity as a partner or to a transferee on account of a transferable interest owned by the transferee.

(6) "Foreign limited liability limited partnership" means a foreign limited partnership whose general partners have limited liability for the obligations of the foreign limited partnership under a provision similar to subsection (c) of Section 208 of this act.

(7) "Foreign limited partnership" means a partnership formed under the laws of a jurisdiction other than this state and required by those laws to have one or more general partners and one or more

limited partners. The term includes a foreign limited liability limited partnership.

(8) "General partner" means:

(A) with respect to a limited partnership, a person that:

(i) becomes a general partner under Section 205 of this act; or

(ii) was a general partner in a limited partnership when the limited partnership became subject to the Uniform Limited Partnership Act of 2008 under subsection (a) or (b) of Section 276 of this act; and

(B) with respect to a foreign limited partnership, a person that has rights, powers, and obligations similar to those of a general partner in a limited partnership.

(9) "Limited liability limited partnership", except in the phrase "foreign limited liability limited partnership", means a limited partnership whose certificate of limited partnership states that the limited partnership is a limited liability limited partnership.

(10) "Limited partner" means:

(A) with respect to a limited partnership, a person that:

(i) becomes a limited partner under Section 199 of this act; or

(ii) was a limited partner in a limited partnership when the limited partnership became subject to the Uniform Limited Partnership Act of 2008 under subsection (a) or (b) of Section 276 of this act; and

(B) with respect to a foreign limited partnership, a person that has rights, powers, and obligations

similar to those of a limited partner in a limited partnership.

(11) "Limited partnership", except in the phrases "foreign limited partnership" and "foreign limited liability limited partnership", means an entity, having one or more general partners and one or more limited partners, which is formed under the Uniform Limited Partnership Act of 2008 by two or more persons or becomes subject to the Uniform Limited Partnership Act of 2008 under Article 11 of the Uniform Limited Partnership Act of 2008 or subsection (a) or (b) of Section 276 of this act. The term includes a limited liability limited partnership.

(12) "Partner" means a limited partner or general partner.

(13) "Partnership agreement" means the partners' agreement, whether oral, implied, in a record, or in any combination, concerning the limited partnership. The term includes the agreement as amended.

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

(15) "Person dissociated as a general partner" means a person dissociated as a general partner of a limited partnership.

(16) "Principal office" means the office where the principal executive office of a limited partnership or foreign limited partnership is located, whether or not the office is located in this state.

(17) "Record" means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

(18) "Required information" means the information that a limited partnership is required to maintain under Section 181 of this act.

(19) "Sign" means:

- (A) to execute or adopt a tangible symbol with the present intent to authenticate a record; or
- (B) to attach or logically associate an electronic symbol, sound, or process to or with a record with the present intent to authenticate the record.

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

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

(22) "Transferable interest" means a partner's right to receive distributions.

(23) "Transferee" means a person to which all or part of a transferable interest has been transferred, whether or not the transferor is a partner.

SECTION 173. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-103 of Title 54, unless there is created a duplication in numbering, reads as follows:

KNOWLEDGE AND NOTICE.

(a) A person knows a fact if the person has actual knowledge of it.

(b) A person has notice of a fact if the person:

(1) knows of it;

(2) has received a notification of it;

(3) has reason to know it exists from all of the facts known to the person at the time in question; or

(4) has notice of it under subsection (c) or (d) of this section.

(c) A certificate of limited partnership on file in the Office of the Secretary of State is notice that the partnership is a limited partnership and the persons designated in the certificate as general partners are general partners. Except as otherwise provided in subsection (d) of this section, the certificate is not notice of any other fact.

(d) A person has notice of:

(1) another person's dissociation as a general partner, ninety (90) days after the effective date of an amendment to the certificate of limited partnership which states that the other person has dissociated or ninety (90) days after the effective date of a statement of dissociation pertaining to the other person, whichever occurs first;

(2) a limited partnership's dissolution, ninety (90) days after the effective date of an amendment to the certificate of limited partnership stating that the limited partnership is dissolved;

(3) a limited partnership's termination, ninety (90) days after the effective date of a statement of termination;

(4) a limited partnership's conversion under Article 11 of the Uniform Limited Partnership Act of 2008, ninety (90) days after the effective date of the articles of conversion; or

(5) a merger under Article 11 of the Uniform Limited Partnership Act of 2008, ninety (90) days after the effective date of the articles of merger.

(e) A person notifies or gives a notification to another person by taking steps reasonably required to inform the other person in ordinary course, whether or not the other person learns of it.

(f) A person receives a notification when the notification:

(1) comes to the person's attention; or

(2) is delivered at the person's place of business or at any other place held out by the person as a place for receiving communications.

(g) Except as otherwise provided in subsection (h) of this section, a person other than an individual knows, has notice, or receives a notification of a fact for purposes of a particular transaction when the individual conducting the transaction for the person knows, has notice, or receives a notification of the fact, or in any event when the fact would have been brought to the individual's attention if the person had exercised reasonable diligence. A person other than an individual exercises reasonable diligence if it maintains reasonable routines for communicating significant information to the individual conducting the transaction for the person and there is reasonable compliance with the routines. Reasonable diligence does not require an individual acting for the person to communicate information unless the communication is part of the individual's regular duties or the individual has reason to know of the transaction and that the transaction would be materially affected by the information.

(h) A general partner's knowledge, notice, or receipt of a notification of a fact relating to the limited partnership is effective immediately as knowledge of, notice to, or receipt of a notification by the limited partnership, except in the case of a fraud on the limited partnership committed by or with the consent of the general partner. A limited partner's knowledge, notice, or receipt of a notification of a fact relating to the limited partnership is not effective as knowledge of, notice to, or receipt of a notification by the limited partnership.

SECTION 174. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-104 of Title 54, unless there is created a duplication in numbering, reads as follows:

NATURE, PURPOSE, AND DURATION OF ENTITY.

(a) A limited partnership is an entity distinct from its partners. A limited partnership is the same entity regardless of whether its certificate states that the limited partnership is a limited liability limited partnership.

(b) A limited partnership may be organized under the Uniform Limited Partnership Act of 2008 for any lawful purpose.

(c) A limited partnership has a perpetual duration.

SECTION 175. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-105 of Title 54, unless there is created a duplication in numbering, reads as follows:

POWERS.

A limited partnership has the powers to do all things necessary or convenient to carry on its activities, including the power to sue, be sued, and defend in its own name and to maintain an action against a partner for harm caused to the limited partnership by a breach of the partnership agreement or violation of a duty to the partnership.

SECTION 176. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-106 of Title 54, unless there is created a duplication in numbering, reads as follows:

GOVERNING LAW.

The law of this state governs relations among the partners of a limited partnership and between the partners and the limited partnership and the liability of partners as partners for an obligation of the limited partnership.

SECTION 177. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-107 of Title 54, unless there is created a duplication in numbering, reads as follows:

SUPPLEMENTAL PRINCIPLES OF LAW; RATE OF INTEREST.

(a) Unless displaced by particular provisions of the Uniform Limited Partnership Act of 2008, the principles of law and equity supplement the Uniform Limited Partnership Act of 2008.

(b) If an obligation to pay interest arises under the Uniform Limited Partnership Act of 2008 and the rate is not specified, the

rate is that specified in Section 727.1 of Title 12 of the Oklahoma Statutes.

SECTION 178. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-108 of Title 54, unless there is created a duplication in numbering, reads as follows:

NAME.

(a) The name of a limited partnership may contain the name of any partner.

(b) The name of a limited partnership that is not a limited liability limited partnership must contain the phrase "limited partnership" or the abbreviation "L.P." or "LP" and may not contain the phrase "limited liability limited partnership" or the abbreviation "LLLP" or "L.L.L.P.".

(c) The name of a limited liability limited partnership must contain the phrase "limited liability limited partnership" or the abbreviation "LLLP" or "L.L.L.P." and must not contain the abbreviation "L.P." or "LP."

(d) Unless authorized by subsection (e) of this section, the name of a limited partnership must be distinguishable in the records of the Secretary of State from:

(1) the name of each person other than an individual incorporated, organized, or authorized to transact business in this state; and

(2) each name reserved under Section 179 of this act.

(e) A limited partnership may apply to the Secretary of State for authorization to use a name that does not comply with subsection (d) of this section. The Secretary of State shall authorize use of the name applied for if, as to each conflicting name:

(1) the present user, registrant, or owner of the conflicting name consents in a signed record to the use and submits an undertaking in a form satisfactory to the Secretary of State to change the conflicting name to a name that complies with subsection



(d) of this section and is distinguishable in the records of the Secretary of State from the name applied for;

(2) the applicant delivers to the Secretary of State a certified copy of the final judgment of a court of competent jurisdiction establishing the applicant's right to use in this state the name applied for; or

(3) the applicant delivers to the Secretary of State proof satisfactory to the Secretary of State that the present user, registrant, or owner of the conflicting name:

(A) has merged into the applicant;

(B) has been converted into the applicant; or

(C) has transferred substantially all of its assets, including the conflicting name, to the applicant.

(f) Subject to Section 249 of this act, this section applies to any foreign limited partnership transacting business in this state, having a certificate of authority to transact business in this state, or applying for a certificate of authority.

SECTION 179. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-109 of Title 54, unless there is created a duplication in numbering, reads as follows:

RESERVATION OF NAME.

(a) The exclusive right to the use of a name that complies with Section 178 of this act may be reserved by:

(1) a person intending to organize a limited partnership under the Uniform Limited Partnership Act of 2008 and to adopt the name;

(2) a limited partnership or a foreign limited partnership authorized to transact business in this state intending to adopt the name;

(3) a foreign limited partnership intending to obtain a certificate of authority to transact business in this state and adopt the name;

(4) a person intending to organize a foreign limited partnership and intending to have it obtain a certificate of authority to transact business in this state and adopt the name;

(5) a foreign limited partnership formed under the name; or

(6) a foreign limited partnership formed under a name that does not comply with subsection (b) or (c) of Section 178 of this act, but the name reserved under this paragraph may differ from the foreign limited partnership's name only to the extent necessary to comply with subsections (b) and (c) of Section 178 of this act.

(b) A person may apply to reserve a name under subsection (a) of this section by delivering to the Secretary of State for filing an application that states the name to be reserved and the paragraph of subsection (a) of this section which applies. If the Secretary of State finds that the name is available for use by the applicant, the Secretary of State shall file a statement of name reservation and thereby reserve the name for the exclusive use of the applicant for one hundred twenty (120) days.

(c) An applicant that has reserved a name pursuant to subsection (b) of this section may reserve the same name for additional one-hundred-twenty-day periods. A person having a current reservation for a name may not apply for another one-hundred-twenty-day period for the same name until ninety (90) days have elapsed in the current reservation.

(d) A person that has reserved a name under this section may deliver to the Secretary of State for filing a notice of transfer that states the reserved name, the name and street and mailing address of some other person to which the reservation is to be transferred, and the paragraph of subsection (a) of this section which applies to the other person. Subject to subsection (c) of Section 194 of this act, the transfer is effective when the Secretary of State files the notice of transfer.

SECTION 180. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-110 of Title 54, unless there is created a duplication in numbering, reads as follows:

EFFECT OF PARTNERSHIP AGREEMENT; NONWAIVABLE PROVISION.

(a) Except as otherwise provided in subsection (b) of this section, the partnership agreement governs relations among the partners and between the partners and the partnership. To the extent the partnership agreement does not otherwise provide, the Uniform Limited Partnership Act of 2008 governs relations among the partners and between the partners and the partnership.

(b) A partnership agreement may not:

(1) vary a limited partnership's power under Section 175 of this act to sue, be sued, and defend in its own name;

(2) vary the law applicable to a limited partnership under Section 176 of this act;

(3) vary the requirements of Section 192 of this act;

(4) vary the information required under Section 181 of this act or unreasonably restrict the right to information under Section 202 or 41 of this act, but the partnership agreement may impose reasonable restrictions on the availability and use of information obtained under those sections and may define appropriate remedies, including liquidated damages, for a breach of any reasonable restriction on use;

(5) eliminate the duty of loyalty under Section 212 of this act, but the partnership agreement may:

(A) identify specific types or categories of activities that do not violate the duty of loyalty, if not manifestly unreasonable; and

(B) specify the number or percentage of partners which may authorize or ratify, after full disclosure to all partners of all material facts, a specific act or

transaction that otherwise would violate the duty of loyalty;

(6) unreasonably reduce the duty of care under subsection (c) of Section 212 of this act;

(7) eliminate the obligation of good faith and fair dealing under subsection (b) of Section 103 of this act and subsection (d) of Section 212 of this act, but the partnership agreement may prescribe the standards by which the performance of the obligation is to be measured, if the standards are not manifestly unreasonable;

(8) vary the power of a person to dissociate as a general partner under subsection (a) of Section 225 of this act except to require that the notice under paragraph (1) of Section 224 of this act be in a record;

(9) vary the power of a court to decree dissolution in the circumstances specified in Section 234 of this act;

(10) vary the requirement to wind up the partnership's business as specified in Section 235 of this act;

(11) unreasonably restrict the right to maintain an action under Article 10 of the Uniform Limited Partnership Act of 2008;

(12) restrict the right of a partner under subsection (a) of Section 267 of this act to approve a conversion or merger or the right of a general partner under subsection (b) of Section 267 of this act to consent to an amendment to the certificate of limited partnership which deletes a statement that the limited partnership is a limited liability limited partnership; or

(13) restrict rights under the Uniform Limited Partnership Act of 2008 of a person other than a partner or a transferee.

SECTION 181. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-111 of Title 54, unless there is created a duplication in numbering, reads as follows:

REQUIRED INFORMATION.

A limited partnership shall maintain at its designated office the following information:

(1) a current list showing the full name and last-known street and mailing address of each partner, separately identifying the general partners, in alphabetical order, and the limited partners, in alphabetical order;

(2) a copy of the initial certificate of limited partnership and all amendments to and restatements of the certificate, together with signed copies of any powers of attorney under which any certificate, amendment, or restatement has been signed;

(3) a copy of any filed articles of conversion or merger;

(4) a copy of the limited partnership's federal, state, and local income tax returns and reports, if any, for the three (3) most recent years;

(5) a copy of any partnership agreement made in a record and any amendment made in a record to any partnership agreement;

(6) a copy of any financial statement of the limited partnership for the three (3) most recent years;

(7) a copy of the three most recent annual reports delivered by the limited partnership to the Secretary of State pursuant to Section 198 of this act;

(8) a copy of any record made by the limited partnership during the past three (3) years of any consent given by or vote taken of any partner pursuant to the Uniform Limited Partnership Act of 2008 or the partnership agreement; and

(9) unless contained in a partnership agreement made in a record, a record stating:

(A) the amount of cash, and a description and statement of the agreed value of the other benefits, contributed and agreed to be contributed by each partner;

- (B) the times at which, or events on the happening of which, any additional contributions agreed to be made by each partner are to be made;
- (C) for any person that is both a general partner and a limited partner, a specification of what transferable interest the person owns in each capacity; and
- (D) any events upon the happening of which the limited partnership is to be dissolved and its activities wound up.

SECTION 182. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-112 of Title 54, unless there is created a duplication in numbering, reads as follows:

BUSINESS TRANSACTIONS OF PARTNER WITH PARTNERSHIP.

A partner may lend money to and transact other business with the limited partnership and has the same rights and obligations with respect to the loan or other transaction as a person that is not a partner.

SECTION 183. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-113 of Title 54, unless there is created a duplication in numbering, reads as follows:

DUAL CAPACITY.

A person may be both a general partner and a limited partner. A person that is both a general and limited partner has the rights, powers, duties, and obligations provided by the Uniform Limited Partnership Act of 2008 and the partnership agreement in each of those capacities. When the person acts as a general partner, the person is subject to the obligations, duties and restrictions under the Uniform Limited Partnership Act of 2008 and the partnership agreement for general partners. When the person acts as a limited partner, the person is subject to the obligations, duties and restrictions under the Uniform Limited Partnership Act of 2008 and the partnership agreement for limited partners.

SECTION 184. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-114 of Title 54, unless there is created a duplication in numbering, reads as follows:

OFFICE AND AGENT FOR SERVICE OF PROCESS.

(a) A limited partnership shall designate and continuously maintain in this state:

(1) an office, which need not be a place of its activity in this state; and

(2) an agent for service of process.

(b) A foreign limited partnership shall designate and continuously maintain in this state an agent for service of process.

(c) An agent for service of process of a limited partnership or foreign limited partnership must be an individual who is a resident of this state or other person authorized to do business in this state.

SECTION 185. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-115 of Title 54, unless there is created a duplication in numbering, reads as follows:

CHANGE OF DESIGNATED OFFICE OR AGENT FOR SERVICE OF PROCESS.

(a) In order to change its designated office, agent for service of process, or the address of its agent for service of process, a limited partnership or a foreign limited partnership may deliver to the Secretary of State for filing a statement of change containing:

(1) the name of the limited partnership or foreign limited partnership;

(2) the street and mailing address of its current designated office;

(3) if the current designated office is to be changed, the street and mailing address of the new designated office;

(4) the name and street and mailing address of its current agent for service of process; and

(5) if the current agent for service of process or an address of the agent is to be changed, the new information.

(b) Subject to subsection (c) of Section 194 of this act, a statement of change is effective when filed by the Secretary of State.

SECTION 186. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-116 of Title 54, unless there is created a duplication in numbering, reads as follows:

RESIGNATION OF AGENT FOR SERVICE OF PROCESS.

(a) In order to resign as an agent for service of process of a limited partnership or foreign limited partnership, the agent must deliver to the Secretary of State for filing a statement of resignation containing the name of the limited partnership or foreign limited partnership.

(b) After receiving a statement of resignation, the Secretary of State shall file it and mail a copy to the designated office of the limited partnership or foreign limited partnership and another copy to the principal office if the address of the office appears in the records of the Secretary of State and is different from the address of the designated office.

(c) An agency for service of process is terminated on the 31st day after the Secretary of State files the statement of resignation.

SECTION 187. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-117 of Title 54, unless there is created a duplication in numbering, reads as follows:

SERVICE OF PROCESS.

(a) An agent for service of process appointed by a limited partnership or foreign limited partnership is an agent of the limited partnership or foreign limited partnership for service of



any process, notice, or demand required or permitted by law to be served upon the limited partnership or foreign limited partnership.

(b) If a limited partnership or foreign limited partnership does not appoint or maintain an agent for service of process in this state or the agent for service of process cannot with reasonable diligence be found at the agent's address, the Secretary of State is an agent of the limited partnership or foreign limited partnership upon whom process, notice, or demand may be served.

(c) Service of any process, notice, or demand on the Secretary of State may be made by delivering to and leaving with the Secretary of State duplicate copies of the process, notice, or demand. If a process, notice, or demand is served on the Secretary of State, the Secretary of State shall forward one of the copies by registered or certified mail, return receipt requested, to the limited partnership or foreign limited partnership at its designated office.

(d) Service is effected under subsection (c) of this section at the earliest of:

(1) the date the limited partnership or foreign limited partnership receives the process, notice, or demand;

(2) the date shown on the return receipt, if signed on behalf of the limited partnership or foreign limited partnership; or

(3) five (5) days after the process, notice, or demand is deposited in the mail, if mailed postpaid and correctly addressed.

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

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

SECTION 188. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-118 of Title 54, unless there is created a duplication in numbering, reads as follows:

CONSENT AND PROXIES OF PARTNERS.

Action requiring the consent of partners under the Uniform Limited Partnership Act of 2008 may be taken without a meeting, and a partner may appoint a proxy to consent or otherwise act for the partner by signing an appointment record, either personally or by the partner's attorney in fact.

## ARTICLE 2

### FORMATION; CERTIFICATE OF

### LIMITED PARTNERSHIP AND OTHER FILINGS

SECTION 189. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-201 of Title 54, unless there is created a duplication in numbering, reads as follows:

FORMATION OF LIMITED PARTNERSHIP; CERTIFICATE OF LIMITED PARTNERSHIP.

(a) In order for a limited partnership to be formed, a certificate of limited partnership must be delivered to the Secretary of State for filing. The certificate must state:

(1) the name of the limited partnership, which must comply with Section 178 of this act;

(2) the street and mailing address of the initial designated office and the name and street and mailing address of the initial agent for service of process;

(3) the name and the street and mailing address of each general partner;

(4) whether the limited partnership is a limited liability limited partnership; and

(5) any additional information required by Article 11 of the Uniform Limited Partnership Act of 2008.

(b) A certificate of limited partnership may also contain any other matters but may not vary or otherwise affect the provisions

specified in subsection (b) of Section 180 of this act in a manner inconsistent with that section.

(c) If there has been substantial compliance with subsection (a) of this section, subject to subsection (c) of Section 194 of this act, a limited partnership is formed when the Secretary of State files the certificate of limited partnership.

(d) Subject to subsection (b) of this section, if any provision of a partnership agreement is inconsistent with the filed certificate of limited partnership or with a filed statement of dissociation, termination, or change or filed articles of conversion or merger:

(1) the partnership agreement prevails as to partners and transferees; and

(2) the filed certificate of limited partnership, statement of dissociation, termination, or change or articles of conversion or merger prevail as to persons, other than partners and transferees, that reasonably rely on the filed record to their detriment.

SECTION 190. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-202 of Title 54, unless there is created a duplication in numbering, reads as follows:

AMENDMENT OR RESTATEMENT OF CERTIFICATE.

(a) In order to amend its certificate of limited partnership, a limited partnership must deliver to the Secretary of State for filing an amendment or, pursuant to Article 11 of the Uniform Limited Partnership Act of 2008, articles of merger stating:

(1) the name of the limited partnership;

(2) the date of filing of its initial certificate; and

(3) the changes the amendment makes to the certificate as most recently amended or restated.

(b) A limited partnership shall promptly deliver to the Secretary of State for filing an amendment to a certificate of limited partnership to reflect:

(1) the admission of a new general partner;

(2) the dissociation of a person as a general partner; or

(3) the appointment of a person to wind up the limited partnership's activities under subsection (c) or (d) of Section 235 of this act.

(c) A general partner that knows that any information in a filed certificate of limited partnership was false when the certificate was filed or has become false due to changed circumstances shall promptly:

(1) cause the certificate to be amended; or

(2) if appropriate, deliver to the Secretary of State for filing a statement of change pursuant to Section 185 of this act or a statement of correction pursuant to Section 195 of this act.

(d) A certificate of limited partnership may be amended at any time for any other proper purpose as determined by the limited partnership.

(e) A restated certificate of limited partnership may be delivered to the Secretary of State for filing in the same manner as an amendment.

(f) Subject to subsection (c) of Section 194 of this act, an amendment or restated certificate is effective when filed by the Secretary of State.

SECTION 191. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-203 of Title 54, unless there is created a duplication in numbering, reads as follows:

STATEMENT OF TERMINATION.

A dissolved limited partnership that has completed winding up may deliver to the Secretary of State for filing a statement of termination that states:

- (1) the name of the limited partnership;
- (2) the date of filing of its initial certificate of limited partnership; and
- (3) any other information as determined by the general partners filing the statement or by a person appointed pursuant to subsection (c) or (d) of Section 235 of this act.

SECTION 192. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-204 of Title 54, unless there is created a duplication in numbering, reads as follows:

SIGNING OF RECORDS.

(a) Each record delivered to the Secretary of State for filing pursuant to the Uniform Limited Partnership Act of 2008 must be signed in the following manner:

- (1) An initial certificate of limited partnership must be signed by all general partners listed in the certificate.
- (2) An amendment adding or deleting a statement that the limited partnership is a limited liability limited partnership must be signed by all general partners listed in the certificate.
- (3) An amendment designating as general partner a person admitted under subparagraph (B) of paragraph (3) of Section 233 of this act following the dissociation of a limited partnership's last general partner must be signed by that person.
- (4) An amendment required by subsection (c) of Section 235 of this act following the appointment of a person to wind up the dissolved limited partnership's activities must be signed by that person.
- (5) Any other amendment must be signed by:

- (A) at least one general partner listed in the certificate;
- (B) each other person designated in the amendment as a new general partner; and
- (C) each person that the amendment indicates has dissociated as a general partner, unless:
  - (i) the person is deceased or a guardian or general conservator has been appointed for the person and the amendment so states; or
  - (ii) the person has previously delivered to the Secretary of State for filing a statement of dissociation.

(6) A restated certificate of limited partnership must be signed by at least one general partner listed in the certificate, and, to the extent the restated certificate effects a change under any other paragraph of this subsection, the certificate must be signed in a manner that satisfies that paragraph.

(7) A statement of termination must be signed by all general partners listed in the certificate or, if the certificate of a dissolved limited partnership lists no general partners, by the person appointed pursuant to subsection (c) or (d) of Section 235 of this act to wind up the dissolved limited partnership's activities.

(8) Articles of conversion must be signed by each general partner listed in the certificate of limited partnership.

(9) Articles of merger must be signed as provided in subsection (a) of Section 165 of this act.

(10) Any other record delivered on behalf of a limited partnership to the Secretary of State for filing must be signed by at least one general partner listed in the certificate.

(11) A statement by a person pursuant to paragraph (4) of subsection (a) of Section 226 of this act stating that the person has dissociated as a general partner must be signed by that person.

(12) A statement of withdrawal by a person pursuant to Section 34 must be signed by that person.

(13) A record delivered on behalf of a foreign limited partnership to the Secretary of State for filing must be signed by at least one general partner of the foreign limited partnership.

(14) Any other record delivered on behalf of any person to the Secretary of State for filing must be signed by that person.

(b) Any person may sign by an attorney in fact any record to be filed pursuant to the Uniform Limited Partnership Act of 2008.

SECTION 193. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-205 of Title 54, unless there is created a duplication in numbering, reads as follows:

SIGNING AND FILING PURSUANT TO JUDICIAL ORDER.

(a) If a person required by the Uniform Limited Partnership Act of 2008 to sign a record or deliver a record to the Secretary of State for filing does not do so, any other person that is aggrieved may petition the district court to order:

(1) the person to sign the record;

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

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

(b) If the person aggrieved under subsection (a) of this section is not the limited partnership or foreign limited partnership to which the record pertains, the aggrieved person shall make the limited partnership or foreign limited partnership a party to the action. A person aggrieved under subsection (a) of this section may seek the remedies provided in subsection (a) of this section in the same action in combination or in the alternative.

(c) A record filed unsigned pursuant to this section is effective without being signed.

SECTION 194. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-206 of Title 54, unless there is created a duplication in numbering, reads as follows:

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

(a) A record authorized or required to be delivered to the Secretary of State for filing under the Uniform Limited Partnership Act of 2008 must be captioned to describe the record's purpose, be in a medium permitted by the Secretary of State, and be delivered to the Secretary of State. Unless the Secretary of State determines that a record does not comply with the filing requirements of the Uniform Limited Partnership Act of 2008, and if all filing fees have been paid, the Secretary of State shall file the record and:

(1) for a statement of dissociation, send:

(A) a copy of the filed statement and a receipt for the fees to the person which the statement indicates has dissociated as a general partner; and

(B) a copy of the filed statement and receipt to the limited partnership;

(2) for a statement of withdrawal, send:

(A) a copy of the filed statement and a receipt for the fees to the person on whose behalf the record was filed; and

(B) if the statement refers to an existing limited partnership, a copy of the filed statement and receipt to the limited partnership; and

(3) for all other records, send a copy of the filed record and a receipt for the fees to the person on whose behalf the record was filed.



(b) Upon request and payment of a fee, the Secretary of State shall send to the requester a certified copy of the requested record.

(c) Except as otherwise provided in Sections 186 and 195 of this act, a record delivered to the Secretary of State for filing under the Uniform Limited Partnership Act of 2008 may specify an effective time and a delayed effective date. Except as otherwise provided in the Uniform Limited Partnership Act of 2008, a record filed by the Secretary of State is effective:

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

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

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

(A) the specified date; or

(B) the 90th day after the record is filed; or

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

(A) the specified date; or

(B) the 90th day after the record is filed.

SECTION 195. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-207 of Title 54, unless there is created a duplication in numbering, reads as follows:

CORRECTING FILED RECORD.

(a) A limited partnership or foreign limited partnership may deliver to the Secretary of State for filing a statement of

correction to correct a record previously delivered by the limited partnership or foreign limited partnership to the Secretary of State and filed by the Secretary of State, if at the time of filing, the record contained false or erroneous information or was defectively signed.

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

(1) describe the record to be corrected, including its filing date, or attach a copy of the record as filed;

(2) specify the incorrect information and the reason it is incorrect or the manner in which the signing was defective; and

(3) correct the incorrect information or defective signature.

(c) When filed by the Secretary of State, a statement of correction is effective retroactively as of the effective date of the record the statement corrects, but the statement is effective when filed:

(1) for the purposes of subsections (c) and (d) of Section 173 of this act; and

(2) as to persons relying on the uncorrected record and adversely affected by the correction.

SECTION 196. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-208 of Title 54, unless there is created a duplication in numbering, reads as follows:

LIABILITY FOR FALSE INFORMATION IN FILED RECORD.

(a) If a record delivered to the Secretary of State for filing under the Uniform Limited Partnership Act of 2008 and filed by the Secretary of State contains false information, a person that suffers loss by reliance on the information may recover damages for the loss from:

(1) a person that signed the record, or caused another to sign it on the person's behalf, and knew the information to be false at the time the record was signed; and

(2) a general partner that has notice that the information was false when the record was filed or has become false because of changed circumstances, if the general partner has notice for a reasonably sufficient time before the information is relied upon to enable the general partner to effect an amendment under Section 190 of this act, file a petition pursuant to Section 193 of this act, or deliver to the Secretary of State for filing a statement of change pursuant to Section 185 of this act or a statement of correction pursuant to Section 195 of this act.

(b) Signing a record authorized or required to be filed under the Uniform Limited Partnership Act of 2008 constitutes an affirmation under the penalties of perjury that the facts stated in the record are true.

SECTION 197. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-209 of Title 54, unless there is created a duplication in numbering, reads as follows:

CERTIFICATE OF EXISTENCE OR AUTHORIZATION.

(a) The Secretary of State, upon request and payment of the requisite fee, shall furnish a certificate of existence for a limited partnership if the records filed in the Office of the Secretary of State show that the Secretary of State has filed a certificate of limited partnership and has not filed a statement of termination. A certificate of existence must state:

(1) the limited partnership's name;

(2) that it was duly formed under the laws of this state and the date of formation;

(3) whether all fees, taxes, and penalties due to the Secretary of State under the Uniform Limited Partnership Act of 2008 or other law have been paid;

(4) whether the limited partnership's most recent annual report required by Section 198 of this act has been filed by the Secretary of State;

(5) whether the Secretary of State has administratively dissolved the limited partnership;

(6) whether the limited partnership's certificate of limited partnership has been amended to state that the limited partnership is dissolved;

(7) that a statement of termination has not been filed by the Secretary of State; and

(8) other facts of record in the Office of the Secretary of State which may be requested by the applicant.

(b) The Secretary of State, upon request and payment of the requisite fee, shall furnish a certificate of authorization for a foreign limited partnership if the records filed in the Office of the Secretary of State show that the Secretary of State has filed a certificate of authority, has not revoked the certificate of authority, and has not filed a notice of cancellation. A certificate of authorization must state:

(1) the foreign limited partnership's name and any alternate name adopted under subsection (a) of Section 249 of this act for use in this state;

(2) that it is authorized to transact business in this state;

(3) whether all fees, taxes, and penalties due to the Secretary of State under the Uniform Limited Partnership Act of 2008 or other law have been paid;

(4) whether the foreign limited partnership's most recent annual report required by Section 198 of this act has been filed by the Secretary of State;

(5) that the Secretary of State has not revoked its certificate of authority and has not filed a notice of cancellation; and

(6) other facts of record in the Office of the Secretary of State which may be requested by the applicant.

(c) Subject to any qualification stated in the certificate, a certificate of existence or authorization issued by the Secretary of State may be relied upon as conclusive evidence that the limited partnership or foreign limited partnership is in existence or is authorized to transact business in this state.

SECTION 198. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-210 of Title 54, unless there is created a duplication in numbering, reads as follows:

ANNUAL REPORT FOR SECRETARY OF STATE.

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

(1) the name of the limited partnership or foreign limited partnership;

(2) the street and mailing address of its designated office and the name and street and mailing address of its agent for service of process in this state;

(3) in the case of a limited partnership, the street and mailing address of its principal office; and

(4) in the case of a foreign limited partnership, the state or other jurisdiction under whose law the foreign limited partnership is formed and any alternate name adopted under subsection (a) of Section 249 of this act.

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

(c) The first annual report must be delivered to the Secretary of State between January 1 and April 1 of the year following the calendar year in which a limited partnership was formed or a foreign limited partnership was authorized to transact business. An annual

report must be delivered to the Secretary of State between January 1 and April 1 of each subsequent calendar year.

(d) If an annual report does not contain the information required in subsection (a) of this section, the Secretary of State shall promptly notify the reporting limited partnership or foreign limited partnership and return the report to it for correction. If the report is corrected to contain the information required in subsection (a) of this section and delivered to the Secretary of State within thirty (30) days after the effective date of the notice, it is timely delivered.

(e) If a filed annual report contains an address of a designated office or the name or address of an agent for service of process which differs from the information shown in the records of the Secretary of State immediately before the filing, the differing information in the annual report is considered a statement of change under Section 185 of this act.

### ARTICLE 3

#### LIMITED PARTNERS

SECTION 199. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-301 of Title 54, unless there is created a duplication in numbering, reads as follows:

##### BECOMING LIMITED PARTNER.

A person becomes a limited partner:

- (1) as provided in the partnership agreement;
- (2) as the result of a conversion or merger under Article 11 of the Uniform Limited Partnership Act of 2008; or
- (3) with the consent of all the partners.

SECTION 200. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-302 of Title 54, unless there is created a duplication in numbering, reads as follows:

NO RIGHT OR POWER AS LIMITED PARTNER TO BIND LIMITED PARTNERSHIP.

A limited partner does not have the right or the power as a limited partner to act for or bind the limited partnership.

SECTION 201. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-303 of Title 54, unless there is created a duplication in numbering, reads as follows:

NO LIABILITY AS LIMITED PARTNER FOR LIMITED PARTNERSHIP OBLIGATIONS.

An obligation of a limited partnership, whether arising in contract, tort, or otherwise, is not the obligation of a limited partner. A limited partner is not personally liable, directly or indirectly, by way of contribution or otherwise, for an obligation of the limited partnership solely by reason of being a limited partner, even if the limited partner participates in the management and control of the limited partnership.

SECTION 202. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-304 of Title 54, unless there is created a duplication in numbering, reads as follows:

RIGHT OF LIMITED PARTNER AND FORMER LIMITED PARTNER TO INFORMATION.

(a) On ten (10) days' demand, made in a record received by the limited partnership, a limited partner may inspect and copy required information during regular business hours in the limited partnership's designated office. The limited partner need not have any particular purpose for seeking the information.

(b) During regular business hours and at a reasonable location specified by the limited partnership, a limited partner may obtain from the limited partnership and inspect and copy true and full information regarding the state of the activities and financial condition of the limited partnership and other information regarding the activities of the limited partnership as is just and reasonable if:

(1) the limited partner seeks the information for a purpose reasonably related to the partner's interest as a limited partner;

(2) the limited partner makes a demand in a record received by the limited partnership, describing with reasonable particularity the information sought and the purpose for seeking the information; and

(3) the information sought is directly connected to the limited partner's purpose.

(c) Within ten (10) days after receiving a demand pursuant to subsection (b) of this section, the limited partnership in a record shall inform the limited partner that made the demand:

(1) what information the limited partnership will provide in response to the demand;

(2) when and where the limited partnership will provide the information; and

(3) if the limited partnership declines to provide any demanded information, the limited partnership's reasons for declining.

(d) Subject to subsection (f) of this section, a person dissociated as a limited partner may inspect and copy required information during regular business hours in the limited partnership's designated office if:

(1) the information pertains to the period during which the person was a limited partner;

(2) the person seeks the information in good faith; and

(3) the person meets the requirements of subsection (b) of this section.

(e) The limited partnership shall respond to a demand made pursuant to subsection (d) of this section in the same manner as provided in subsection (c) of this section.

(f) If a limited partner dies, Section 232 of this act applies.



(g) The limited partnership may impose reasonable restrictions on the use of information obtained under this section. In a dispute concerning the reasonableness of a restriction under this subsection, the limited partnership has the burden of proving reasonableness.

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

(i) Whenever the Uniform Limited Partnership Act of 2008 or a partnership agreement provides for a limited partner to give or withhold consent to a matter, before the consent is given or withheld, the limited partnership shall, without demand, provide the limited partner with all information material to the limited partner's decision that the limited partnership knows.

(j) A limited partner or person dissociated as a limited partner may exercise the rights under this section through an attorney or other agent. Any restriction imposed under subsection (g) of this section or by the partnership agreement applies both to the attorney or other agent and to the limited partner or person dissociated as a limited partner.

(k) The rights stated in this section do not extend to a person as transferee, but may be exercised by the legal representative of an individual under legal disability who is a limited partner or person dissociated as a limited partner.

SECTION 203. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-305 of Title 54, unless there is created a duplication in numbering, reads as follows:

#### LIMITED DUTIES OF LIMITED PARTNERS.

(a) A limited partner does not have any fiduciary duty to the limited partnership or to any other partner solely by reason of being a limited partner.

(b) A limited partner shall discharge the duties to the partnership and the other partners under the Uniform Limited

Partnership Act of 2008 or under the partnership agreement and exercise any rights consistently with the obligation of good faith and fair dealing.

(c) A limited partner does not violate a duty or obligation under the Uniform Limited Partnership Act of 2008 or under the partnership agreement merely because the limited partner's conduct furthers the limited partner's own interest.

SECTION 204. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-306 of Title 54, unless there is created a duplication in numbering, reads as follows:

PERSON ERRONEOUSLY BELIEVING SELF TO BE LIMITED PARTNER.

(a) Except as otherwise provided in subsection (b) of this section, a person that makes an investment in a business enterprise and erroneously but in good faith believes that the person has become a limited partner in the enterprise is not liable for the enterprise's obligations by reason of making the investment, receiving distributions from the enterprise, or exercising any rights of or appropriate to a limited partner, if, on ascertaining the mistake, the person:

(1) causes an appropriate certificate of limited partnership, amendment, or statement of correction to be signed and delivered to the Secretary of State for filing; or

(2) withdraws from future participation as an owner in the enterprise by signing and delivering to the Secretary of State for filing a statement of withdrawal under this section.

(b) A person that makes an investment described in subsection (a) of this section is liable to the same extent as a general partner to any third party that enters into a transaction with the enterprise, believing in good faith that the person is a general partner, before the Secretary of State files a statement of withdrawal, certificate of limited partnership, amendment, or statement of correction to show that the person is not a general partner.

(c) If a person makes a diligent effort in good faith to comply with paragraph (1) of subsection (a) of this section and is unable to cause the appropriate certificate of limited partnership, amendment, or statement of correction to be signed and delivered to the Secretary of State for filing, the person has the right to withdraw from the enterprise pursuant to paragraph (2) of subsection (a) of this section even if the withdrawal would otherwise breach an agreement with others that are or have agreed to become co-owners of the enterprise.

#### ARTICLE 4

##### GENERAL PARTNERS

SECTION 205. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-401 of Title 54, unless there is created a duplication in numbering, reads as follows:

###### BECOMING GENERAL PARTNER.

A person becomes a general partner:

- (1) as provided in the partnership agreement:
- (2) under subparagraph (B) of paragraph (3) of Section 233 of this act following the dissociation of a limited partnership's last general partner;
- (3) as the result of a conversion or merger under Article 11 of the Uniform Limited Partnership Act of 2008; or
- (4) with the consent of all the partners.

SECTION 206. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-402 of Title 54, unless there is created a duplication in numbering, reads as follows:

###### GENERAL PARTNER AGENT OF LIMITED PARTNERSHIP.

(a) Each general partner is an agent of the limited partnership for the purposes of its activities. An act of a general partner, including the signing of a record in the partnership's name, for

apparently carrying on in the ordinary course the limited partnership's activities or activities of the kind carried on by the limited partnership binds the limited partnership, unless the general partner did not have authority to act for the limited partnership in the particular matter and the person with which the general partner was dealing knew, had received a notification, or had notice under subsection (d) of Section 173 of this act that the general partner lacked authority.

(b) An act of a general partner which is not apparently for carrying on in the ordinary course the limited partnership's activities or activities of the kind carried on by the limited partnership binds the limited partnership only if the act was actually authorized by all the other partners.

SECTION 207. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-403 of Title 54, unless there is created a duplication in numbering, reads as follows:

LIMITED PARTNERSHIP LIABLE FOR GENERAL PARTNER'S ACTIONABLE CONDUCT.

(a) A limited partnership is liable for loss or injury caused to a person, or for a penalty incurred, as a result of a wrongful act or omission, or other actionable conduct, of a general partner acting in the ordinary course of activities of the limited partnership or with authority of the limited partnership.

(b) If, in the course of the limited partnership's activities or while acting with authority of the limited partnership, a general partner receives or causes the limited partnership to receive money or property of a person not a partner, and the money or property is misapplied by a general partner, the limited partnership is liable for the loss.

SECTION 208. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-404 of Title 54, unless there is created a duplication in numbering, reads as follows:

GENERAL PARTNER'S LIABILITY.

(a) Except as otherwise provided in subsections (b) and (c) of this section, all general partners are liable jointly and severally for all obligations of the limited partnership unless otherwise agreed by the claimant or provided by law.

(b) A person that becomes a general partner of an existing limited partnership is not personally liable for an obligation of a limited partnership incurred before the person became a general partner.

(c) An obligation of a limited partnership incurred while the limited partnership is a limited liability limited partnership, whether arising in contract, tort, or otherwise, is solely the obligation of the limited partnership. A general partner is not personally liable, directly or indirectly, by way of contribution or otherwise, for such an obligation solely by reason of being or acting as a general partner. This subsection applies despite anything inconsistent in the partnership agreement that existed immediately before the consent required to become a limited liability limited partnership under paragraph (2) of subsection (b) of Section 210 of this act.

SECTION 209. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-405 of Title 54, unless there is created a duplication in numbering, reads as follows:

#### ACTIONS BY AND AGAINST PARTNERSHIP AND PARTNERS.

(a) To the extent not inconsistent with Section 208 of this act, a general partner may be joined in an action against the limited partnership or named in a separate action.

(b) A judgment against a limited partnership is not by itself a judgment against a general partner. A judgment against a limited partnership may not be satisfied from a general partner's assets unless there is also a judgment against the general partner.

(c) A judgment creditor of a general partner may not levy execution against the assets of the general partner to satisfy a judgment based on a claim against the limited partnership, unless the partner is personally liable for the claim under Section 208 of this act and:

(1) a judgment based on the same claim has been obtained against the limited partnership and a writ of execution on the judgment has been returned unsatisfied in whole or in part;

(2) the limited partnership is a debtor in bankruptcy;

(3) the general partner has agreed that the creditor need not exhaust limited partnership assets;

(4) a court grants permission to the judgment creditor to levy execution against the assets of a general partner based on a finding that limited partnership assets subject to execution are clearly insufficient to satisfy the judgment, that exhaustion of limited partnership assets is excessively burdensome, or that the grant of permission is an appropriate exercise of the court's equitable powers; or

(5) liability is imposed on the general partner by law or contract independent of the existence of the limited partnership.

SECTION 210. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-406 of Title 54, unless there is created a duplication in numbering, reads as follows:

MANAGEMENT RIGHTS OF GENERAL PARTNER.

(a) Each general partner has equal rights in the management and conduct of the limited partnership's activities. Except as expressly provided in the Uniform Limited Partnership Act of 2008, any matter relating to the activities of the limited partnership may be exclusively decided by the general partner or, if there is more than one general partner, by a majority of the general partners.

(b) The consent of each partner is necessary to:

(1) amend the partnership agreement;

(2) amend the certificate of limited partnership to add or, subject to Section 267 of this act, delete a statement that the limited partnership is a limited liability limited partnership; and

(3) sell, lease, exchange, or otherwise dispose of all, or substantially all, of the limited partnership's property, with or without the good will, other than in the usual and regular course of the limited partnership's activities.

(c) A limited partnership shall reimburse a general partner for payments made and indemnify a general partner for liabilities incurred by the general partner in the ordinary course of the activities of the partnership or for the preservation of its activities or property.

(d) A limited partnership shall reimburse a general partner for an advance to the limited partnership beyond the amount of capital the general partner agreed to contribute.

(e) A payment or advance made by a general partner which gives rise to an obligation of the limited partnership under subsection (c) or (d) of this section constitutes a loan to the limited partnership which accrues interest from the date of the payment or advance.

(f) A general partner is not entitled to remuneration for services performed for the partnership.

SECTION 211. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-407 of Title 54, unless there is created a duplication in numbering, reads as follows:

RIGHT OF GENERAL PARTNER AND FORMER GENERAL PARTNER TO INFORMATION.

(a) A general partner, without having any particular purpose for seeking the information, may inspect and copy during regular business hours:

(1) in the limited partnership's designated office, required information; and

(2) at a reasonable location specified by the limited partnership, any other records maintained by the limited partnership regarding the limited partnership's activities and financial condition.

(b) Each general partner and the limited partnership shall furnish to a general partner:

(1) without demand, any information concerning the limited partnership's activities and activities reasonably required for the proper exercise of the general partner's rights and duties under the partnership agreement or the Uniform Limited Partnership Act of 2008; and

(2) on demand, any other information concerning the limited partnership's activities, except to the extent the demand or the information demanded is unreasonable or otherwise improper under the circumstances.

(c) Subject to subsection (e) of this section, on ten (10) days' demand made in a record received by the limited partnership, a person dissociated as a general partner may have access to the information and records described in subsection (a) of this section at the location specified in subsection (a) of this section if:

(1) the information or record pertains to the period during which the person was a general partner;

(2) the person seeks the information or record in good faith; and

(3) the person satisfies the requirements imposed on a limited partner by subsection (b) of Section 202 of this act.

(d) The limited partnership shall respond to a demand made pursuant to subsection (c) of this section in the same manner as provided in subsection (c) of Section 202 of this act.

(e) If a general partner dies, Section 232 of this act applies.

(f) The limited partnership may impose reasonable restrictions on the use of information under this section. In any dispute concerning the reasonableness of a restriction under this subsection, the limited partnership has the burden of proving reasonableness.



(g) A limited partnership may charge a person dissociated as a general partner that makes a demand under this section reasonable costs of copying, limited to the costs of labor and material.

(h) A general partner or person dissociated as a general partner may exercise the rights under this section through an attorney or other agent. Any restriction imposed under subsection (f) of this section or by the partnership agreement applies both to the attorney or other agent and to the general partner or person dissociated as a general partner.

(i) The rights under this section do not extend to a person as transferee, but the rights under subsection (c) of this section of a person dissociated as a general partner may be exercised by the legal representative of an individual who dissociated as a general partner under subparagraph (B) or (C) of paragraph (7) of Section 224 of this act.

SECTION 212. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-408 of Title 54, unless there is created a duplication in numbering, reads as follows:

GENERAL STANDARDS OF GENERAL PARTNER'S CONDUCT.

(a) The only fiduciary duties that a general partner has to the limited partnership and the other partners are the duties of loyalty and care under subsections (b) and (c) of this section.

(b) A general partner's duty of loyalty to the limited partnership and the other partners is limited to the following:

(1) to account to the limited partnership and hold as trustee for it any property, profit, or benefit derived by the general partner in the conduct and winding up of the limited partnership's activities or derived from a use by the general partner of limited partnership property, including the appropriation of a limited partnership opportunity;

(2) to refrain from dealing with the limited partnership in the conduct or winding up of the limited partnership's activities as or on behalf of a party having an interest adverse to the limited partnership; and

(3) to refrain from competing with the limited partnership in the conduct or winding up of the limited partnership's activities.

(c) A general partner's duty of care to the limited partnership and the other partners in the conduct and winding up of the limited partnership's activities is limited to refraining from engaging in grossly negligent or reckless conduct, intentional misconduct, or a knowing violation of law.

(d) A general partner shall discharge the duties to the partnership and the other partners under the Uniform Limited Partnership Act of 2008 or under the partnership agreement and exercise any rights consistently with the obligation of good faith and fair dealing.

(e) A general partner does not violate a duty or obligation under the Uniform Limited Partnership Act of 2008 or under the partnership agreement merely because the general partner's conduct furthers the general partner's own interest.

## ARTICLE 5

### CONTRIBUTIONS AND DISTRIBUTIONS

SECTION 213. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-501 of Title 54, unless there is created a duplication in numbering, reads as follows:

#### FORM OF CONTRIBUTION.

A contribution of a partner may consist of tangible or intangible property or other benefit to the limited partnership, including money, services performed, promissory notes, other agreements to contribute cash or property, and contracts for services to be performed.

SECTION 214. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-502 of Title 54, unless there is created a duplication in numbering, reads as follows:

#### LIABILITY FOR CONTRIBUTION.

(a) A partner's obligation to contribute money or other property or other benefit to, or to perform services for, a limited partnership is not excused by the partner's death, disability, or other inability to perform personally.

(b) If a partner does not make a promised nonmonetary contribution, the partner is obligated at the option of the limited partnership to contribute money equal to that portion of the value, as stated in the required information, of the stated contribution which has not been made.

(c) The obligation of a partner to make a contribution or return money or other property paid or distributed in violation of the Uniform Limited Partnership Act of 2008 may be compromised only by consent of all partners. A creditor of a limited partnership which extends credit or otherwise acts in reliance on an obligation described in subsection (a) of this section, without notice of any compromise under this subsection, may enforce the original obligation.

SECTION 215. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-503 of Title 54, unless there is created a duplication in numbering, reads as follows:

#### SHARING OF DISTRIBUTIONS.

A distribution by a limited partnership must be shared among the partners on the basis of the value, as stated in the required records when the limited partnership decides to make the distribution, of the contributions the limited partnership has received from each partner.

SECTION 216. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-504 of Title 54, unless there is created a duplication in numbering, reads as follows:

#### INTERIM DISTRIBUTIONS.

A partner does not have a right to any distribution before the dissolution and winding up of the limited partnership unless the limited partnership decides to make an interim distribution.

SECTION 217. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-505 of Title 54, unless there is created a duplication in numbering, reads as follows:

NO DISTRIBUTION ON ACCOUNT OF DISSOCIATION.

A person does not have a right to receive a distribution on account of dissociation.

SECTION 218. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-506 of Title 54, unless there is created a duplication in numbering, reads as follows:

DISTRIBUTION IN KIND.

A partner does not have a right to demand or receive any distribution from a limited partnership in any form other than cash. Subject to subsection (b) of Section 244 of this act, a limited partnership may distribute an asset in kind to the extent each partner receives a percentage of the asset equal to the partner's share of distributions.

SECTION 219. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-507 of Title 54, unless there is created a duplication in numbering, reads as follows:

RIGHT TO DISTRIBUTION.

When a partner or transferee becomes entitled to receive a distribution, the partner or transferee has the status of, and is entitled to all remedies available to, a creditor of the limited partnership with respect to the distribution. However, the limited partnership's obligation to make a distribution is subject to offset for any amount owed to the limited partnership by the partner or dissociated partner on whose account the distribution is made.

SECTION 220. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-508 of Title 54, unless there is created a duplication in numbering, reads as follows:

LIMITATIONS ON DISTRIBUTION.

(a) A limited partnership may not make a distribution in violation of the partnership agreement.

(b) A limited partnership may not make a distribution if after the distribution:

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

(2) the limited partnership's total assets would be less than the sum of its total liabilities plus the amount that would be needed, if the limited partnership were to be dissolved, wound up, and terminated at the time of the distribution, to satisfy the preferential rights upon dissolution, winding up, and termination of partners whose preferential rights are superior to those of persons receiving the distribution.

(c) A limited partnership may base a determination that a distribution is not prohibited under subsection (b) of this section on financial statements prepared on the basis of accounting practices and principles that are reasonable in the circumstances or on a fair valuation or other method that is reasonable in the circumstances.

(d) Except as otherwise provided in subsection (g) of this section, the effect of a distribution under subsection (b) of this section is measured:

(1) in the case of distribution by purchase, redemption, or other acquisition of a transferable interest in the limited partnership, as of the date money or other property is transferred or debt incurred by the limited partnership; and

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

(A) the distribution is authorized, if the payment occurs within one hundred twenty (120) days after that date; or

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

(e) A limited partnership's indebtedness to a partner incurred by reason of a distribution made in accordance with this section is at parity with the limited partnership's indebtedness to its general, unsecured creditors.

(f) A limited partnership's indebtedness, including indebtedness issued in connection with or as part of a distribution, is not considered a liability for purposes of subsection (b) of this section if the terms of the indebtedness provide that payment of principal and interest are made only to the extent that a distribution could then be made to partners under this section.

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

SECTION 221. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-509 of Title 54, unless there is created a duplication in numbering, reads as follows:

LIABILITY FOR IMPROPER DISTRIBUTIONS.

(a) A general partner that consents to a distribution made in violation of Section 220 of this act is personally liable to the limited partnership for the amount of the distribution which exceeds the amount that could have been distributed without the violation if it is established that in consenting to the distribution the general partner failed to comply with Section 212 of this act.

(b) A partner or transferee that received a distribution knowing that the distribution to that partner or transferee was made in violation of Section 220 of this act is personally liable to the limited partnership but only to the extent that the distribution received by the partner or transferee exceeded the amount that could have been properly paid under Section 220 of this act.

(c) A general partner against which an action is commenced under subsection (a) of this section may:

(1) implead in the action any other person that is liable under subsection (a) of this section and compel contribution from the person; and

(2) implead in the action any person that received a distribution in violation of subsection (b) of this section and compel contribution from the person in the amount the person received in violation of subsection (b) of this section.

(d) An action under this section is barred if it is not commenced within two (2) years after the distribution.

## ARTICLE 6

### DISSOCIATION

SECTION 222. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-601 of Title 54, unless there is created a duplication in numbering, reads as follows:

#### DISSOCIATION AS LIMITED PARTNER.

(a) A person does not have a right to dissociate as a limited partner before the termination of the limited partnership.

(b) A person is dissociated from a limited partnership as a limited partner upon the occurrence of any of the following events:

(1) the limited partnership's having notice of the person's express will to withdraw as a limited partner or on a later date specified by the person;

(2) an event agreed to in the partnership agreement as causing the person's dissociation as a limited partner;

(3) the person's expulsion as a limited partner pursuant to the partnership agreement;

(4) the person's expulsion as a limited partner by the unanimous consent of the other partners if:

- (A) it is unlawful to carry on the limited partnership's activities with the person as a limited partner;
- (B) there has been a transfer of all of the person's transferable interest in the limited partnership, other than a transfer for security purposes, or a court order charging the person's interest, which has not been foreclosed;
- (C) the person is a corporation and, within ninety (90) days after the limited partnership notifies the person that it will be expelled as a limited partner because it has filed a certificate of dissolution or the equivalent, its charter has been revoked, or its right to conduct business has been suspended by the jurisdiction of its incorporation, there is no revocation of the certificate of dissolution or no reinstatement of its charter or its right to conduct business; or
- (D) the person is a limited liability company or partnership that has been dissolved and whose business is being wound up;

(5) on application by the limited partnership, the person's expulsion as a limited partner by judicial order because:

- (A) the person engaged in wrongful conduct that adversely and materially affected the limited partnership's activities;
- (B) the person willfully or persistently committed a material breach of the partnership agreement or of the obligation of good faith and fair dealing under subsection (b) of Section 203 of this act; or
- (C) the person engaged in conduct relating to the limited partnership's activities which makes it not reasonably



practicable to carry on the activities with the person as limited partner;

(6) in the case of a person who is an individual, the person's death;

(7) in the case of a person that is a trust or is acting as a limited partner by virtue of being a trustee of a trust, distribution of the trust's entire transferable interest in the limited partnership, but not merely by reason of the substitution of a successor trustee;

(8) in the case of a person that is an estate or is acting as a limited partner by virtue of being a personal representative of an estate, distribution of the estate's entire transferable interest in the limited partnership, but not merely by reason of the substitution of a successor personal representative;

(9) termination of a limited partner that is not an individual, partnership, limited liability company, corporation, trust, or estate;

(10) the limited partnership's participation in a conversion or merger under Article 11 of the Uniform Limited Partnership Act of 2008, if the limited partnership:

(A) is not the converted or surviving entity; or

(B) is the converted or surviving entity but, as a result of the conversion or merger, the person ceases to be a limited partner.

SECTION 223. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-602 of Title 54, unless there is created a duplication in numbering, reads as follows:

EFFECT OF DISSOCIATION AS LIMITED PARTNER.

(a) Upon a person's dissociation as a limited partner:

(1) subject to Section 232 of this act, the person does not have further rights as a limited partner;

(2) the person's obligation of good faith and fair dealing as a limited partner under subsection (b) of Section 203 of this act continues only as to matters arising and events occurring before the dissociation; and

(3) subject to Section 232 of this act and Article 11 of the Uniform Limited Partnership Act of 2008, any transferable interest owned by the person in the person's capacity as a limited partner immediately before dissociation is owned by the person as a mere transferee.

(b) A person's dissociation as a limited partner does not of itself discharge the person from any obligation to the limited partnership or the other partners which the person incurred while a limited partner.

SECTION 224. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-603 of Title 54, unless there is created a duplication in numbering, reads as follows:

DISSOCIATION AS GENERAL PARTNER.

A person is dissociated from a limited partnership as a general partner upon the occurrence of any of the following events:

(1) the limited partnership's having notice of the person's express will to withdraw as a general partner or on a later date specified by the person;

(2) an event agreed to in the partnership agreement as causing the person's dissociation as a general partner;

(3) the person's expulsion as a general partner pursuant to the partnership agreement;

(4) the person's expulsion as a general partner by the unanimous consent of the other partners if:

(A) it is unlawful to carry on the limited partnership's activities with the person as a general partner;

- (B) there has been a transfer of all or substantially all of the person's transferable interest in the limited partnership, other than a transfer for security purposes, or a court order charging the person's interest, which has not been foreclosed;
- (C) the person is a corporation and, within ninety (90) days after the limited partnership notifies the person that it will be expelled as a general partner because it has filed a certificate of dissolution or the equivalent, its charter has been revoked, or its right to conduct business has been suspended by the jurisdiction of its incorporation, there is no revocation of the certificate of dissolution or no reinstatement of its charter or its right to conduct business; or
- (D) the person is a limited liability company or partnership that has been dissolved and whose business is being wound up;

(5) on application by the limited partnership, the person's expulsion as a general partner by judicial determination because:

- (A) the person engaged in wrongful conduct that adversely and materially affected the limited partnership activities;
- (B) the person willfully or persistently committed a material breach of the partnership agreement or of a duty owed to the partnership or the other partners under Section 212 of this act; or
- (C) the person engaged in conduct relating to the limited partnership's activities which makes it not reasonably practicable to carry on the activities of the limited partnership with the person as a general partner;

(6) the person's:

- (A) becoming a debtor in bankruptcy;

- (B) execution of an assignment for the benefit of creditors;
- (C) seeking, consenting to, or acquiescing in the appointment of a trustee, receiver, or liquidator of the person or of all or substantially all of the person's property; or
- (D) failure, within ninety (90) days after the appointment, to have vacated or stayed the appointment of a trustee, receiver, or liquidator of the general partner or of all or substantially all of the person's property obtained without the person's consent or acquiescence, or failing within ninety (90) days after the expiration of a stay to have the appointment vacated;

(7) in the case of a person who is an individual:

- (A) the person's death;
- (B) the appointment of a guardian or general conservator for the person; or
- (C) a judicial determination that the person has otherwise become incapable of performing the person's duties as a general partner under the partnership agreement;

(8) in the case of a person that is a trust or is acting as a general partner by virtue of being a trustee of a trust, distribution of the trust's entire transferable interest in the limited partnership, but not merely by reason of the substitution of a successor trustee;

(9) in the case of a person that is an estate or is acting as a general partner by virtue of being a personal representative of an estate, distribution of the estate's entire transferable interest in the limited partnership, but not merely by reason of the substitution of a successor personal representative;

(10) termination of a general partner that is not an individual, partnership, limited liability company, corporation, trust, or estate; or

(11) the limited partnership's participation in a conversion or merger under Article 11 of the Uniform Limited Partnership Act of 2008, if the limited partnership:

(A) is not the converted or surviving entity; or

(B) is the converted or surviving entity but, as a result of the conversion or merger, the person ceases to be a general partner.

SECTION 225. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-604 of Title 54, unless there is created a duplication in numbering, reads as follows:

PERSON'S POWER TO DISSOCIATE AS GENERAL PARTNER; WRONGFUL DISSOCIATION.

(a) A person has the power to dissociate as a general partner at any time, rightfully or wrongfully, by express will pursuant to paragraph (1) of Section 224 of this act.

(b) A person's dissociation as a general partner is wrongful only if:

(1) it is in breach of an express provision of the partnership agreement; or

(2) it occurs before the termination of the limited partnership, and:

(A) the person withdraws as a general partner by express will;

(B) the person is expelled as a general partner by judicial determination under paragraph (5) of Section 224 of this act;

- (C) the person is dissociated as a general partner by becoming a debtor in bankruptcy; or
- (D) in the case of a person that is not an individual, trust other than a business trust, or estate, the person is expelled or otherwise dissociated as a general partner because it willfully dissolved or terminated.

(c) A person that wrongfully dissociates as a general partner is liable to the limited partnership and, subject to Section 253 of this act, to the other partners for damages caused by the dissociation. The liability is in addition to any other obligation of the general partner to the limited partnership or to the other partners.

SECTION 226. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-605 of Title 54, unless there is created a duplication in numbering, reads as follows:

EFFECT OF DISSOCIATION AS GENERAL PARTNER.

(a) Upon a person's dissociation as a general partner:

(1) the person's right to participate as a general partner in the management and conduct of the partnership's activities terminates;

(2) the person's duty of loyalty as a general partner under paragraph (3) of subsection (b) of Section 212 of this act terminates;

(3) the person's duty of loyalty as a general partner under paragraphs (1) and (2) of subsection (b) of Section 212 of this act and duty of care under subsection (c) of Section 212 of this act continue only with regard to matters arising and events occurring before the person's dissociation as a general partner;

(4) the person may sign and deliver to the Secretary of State for filing a statement of dissociation pertaining to the person and, at the request of the limited partnership, shall sign an amendment

to the certificate of limited partnership which states that the person has dissociated; and

(5) subject to Section 232 of this act and Article 11 of the Uniform Limited Partnership Act of 2008, any transferable interest owned by the person immediately before dissociation in the person's capacity as a general partner is owned by the person as a mere transferee.

(b) A person's dissociation as a general partner does not of itself discharge the person from any obligation to the limited partnership or the other partners which the person incurred while a general partner.

SECTION 227. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-606 of Title 54, unless there is created a duplication in numbering, reads as follows:

POWER TO BIND AND LIABILITY TO LIMITED PARTNERSHIP BEFORE DISSOLUTION OF PARTNERSHIP OF PERSON DISSOCIATED AS GENERAL PARTNER.

(a) After a person is dissociated as a general partner and before the limited partnership is dissolved, converted under Article 11 of the Uniform Limited Partnership Act of 2008, or merged out of existence under Article 11 of the Uniform Limited Partnership Act of 2008, the limited partnership is bound by an act of the person only if:

(1) the act would have bound the limited partnership under Section 206 of this act before the dissociation; and

(2) at the time the other party enters into the transaction:

(A) less than two (2) years has passed since the dissociation; and

(B) the other party does not have notice of the dissociation and reasonably believes that the person is a general partner.

(b) If a limited partnership is bound under subsection (a) of this section, the person dissociated as a general partner which caused the limited partnership to be bound is liable:

(1) to the limited partnership for any damage caused to the limited partnership arising from the obligation incurred under subsection (a) of this section; and

(2) if a general partner or another person dissociated as a general partner is liable for the obligation, to the general partner or other person for any damage caused to the general partner or other person arising from the liability.

SECTION 228. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-607 of Title 54, unless there is created a duplication in numbering, reads as follows:

LIABILITY TO OTHER PERSONS OF PERSON DISSOCIATED AS GENERAL PARTNER.

(a) A person's dissociation as a general partner does not of itself discharge the person's liability as a general partner for an obligation of the limited partnership incurred before dissociation. Except as otherwise provided in subsections (b) and (c) of this section, the person is not liable for a limited partnership's obligation incurred after dissociation.

(b) A person whose dissociation as a general partner resulted in a dissolution and winding up of the limited partnership's activities is liable to the same extent as a general partner under Section 208 of this act on an obligation incurred by the limited partnership under Section 236 of this act.

(c) A person that has dissociated as a general partner but whose dissociation did not result in a dissolution and winding up of the limited partnership's activities is liable on a transaction entered into by the limited partnership after the dissociation only if:

(1) a general partner would be liable on the transaction; and

(2) at the time the other party enters into the transaction:



- (A) less than two (2) years has passed since the dissociation; and
- (B) the other party does not have notice of the dissociation and reasonably believes that the person is a general partner.

(d) By agreement with a creditor of a limited partnership and the limited partnership, a person dissociated as a general partner may be released from liability for an obligation of the limited partnership.

(e) A person dissociated as a general partner is released from liability for an obligation of the limited partnership if the limited partnership's creditor, with notice of the person's dissociation as a general partner but without the person's consent, agrees to a material alteration in the nature or time of payment of the obligation.

## ARTICLE 7

### TRANSFERABLE INTERESTS AND RIGHTS

#### OF TRANSFEREES AND CREDITORS

SECTION 229. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-701 of Title 54, unless there is created a duplication in numbering, reads as follows:

#### PARTNER'S TRANSFERABLE INTEREST.

The only interest of a partner which is transferable is the partner's transferable interest. A transferable interest is personal property.

SECTION 230. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-702 of Title 54, unless there is created a duplication in numbering, reads as follows:

#### TRANSFER OF PARTNER'S TRANSFERABLE INTEREST.

(a) A transfer, in whole or in part, of a partner's transferable interest:

(1) is permissible;

(2) does not by itself cause the partner's dissociation or a dissolution and winding up of the limited partnership's activities; and

(3) does not, as against the other partners or the limited partnership, entitle the transferee to participate in the management or conduct of the limited partnership's activities, to require access to information concerning the limited partnership's transactions except as otherwise provided in subsection (c) of this section, or to inspect or copy the required information or the limited partnership's other records.

(b) A transferee has a right to receive, in accordance with the transfer:

(1) distributions to which the transferor would otherwise be entitled; and

(2) upon the dissolution and winding up of the limited partnership's activities the net amount otherwise distributable to the transferor.

(c) In a dissolution and winding up, a transferee is entitled to an account of the limited partnership's transactions only from the date of dissolution.

(d) Upon transfer, the transferor retains the rights of a partner other than the interest in distributions transferred and retains all duties and obligations of a partner.

(e) A limited partnership need not give effect to a transferee's rights under this section until the limited partnership has notice of the transfer.

(f) A transfer of a partner's transferable interest in the limited partnership in violation of a restriction on transfer

contained in the partnership agreement is ineffective as to a person having notice of the restriction at the time of transfer.

(g) A transferee that becomes a partner with respect to a transferable interest is liable for the transferor's obligations under Sections 214 and 221 of this act. However, the transferee is not obligated for liabilities unknown to the transferee at the time the transferee became a partner.

SECTION 231. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-703 of Title 54, unless there is created a duplication in numbering, reads as follows:

RIGHTS OF CREDITOR OF PARTNER OR TRANSFEREE.

(a) On application to a court of competent jurisdiction by any judgment creditor of a partner or transferee, the court may charge the transferable interest of the judgment debtor with payment of the unsatisfied amount of the judgment with interest. To the extent so charged, the judgment creditor has only the rights of a transferee. The court may appoint a receiver of the share of the distributions due or to become due to the judgment debtor in respect of the partnership and make all other orders, directions, accounts, and inquiries the judgment debtor might have made or which the circumstances of the case may require to give effect to the charging order.

(b) A charging order constitutes a lien on the judgment debtor's transferable interest. The court may order a foreclosure upon the interest subject to the charging order at any time. The purchaser at the foreclosure sale has the rights of a transferee.

(c) At any time before foreclosure, an interest charged may be redeemed:

(1) by the judgment debtor;

(2) with property other than limited partnership property, by one or more of the other partners; or

(3) with limited partnership property, by the limited partnership with the consent of all partners whose interests are not so charged.

(d) The Uniform Limited Partnership Act of 2008 does not deprive any partner or transferee of the benefit of any exemption laws applicable to the partner's or transferee's transferable interest.

(e) This section provides the exclusive remedy by which a judgment creditor of a partner or transferee may satisfy a judgment out of the judgment debtor's transferable interest.

SECTION 232. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-704 of Title 54, unless there is created a duplication in numbering, reads as follows:

POWER OF ESTATE OF DECEASED PARTNER.

If a partner dies, the deceased partner's personal representative or other legal representative may exercise the rights of a transferee as provided in Section 230 of this act and, for the purposes of settling the estate, may exercise the rights of a current limited partner under Section 202 of this act.

ARTICLE 8

DISSOLUTION

SECTION 233. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-801 of Title 54, unless there is created a duplication in numbering, reads as follows:

NONJUDICIAL DISSOLUTION.

Except as otherwise provided in Section 234 of this act, a limited partnership is dissolved, and its activities must be wound up, only upon the occurrence of any of the following:

(1) the happening of an event specified in the partnership agreement;

(2) the consent of all general partners and of limited partners owning a majority of the rights to receive distributions as limited partners at the time the consent is to be effective;

(3) after the dissociation of a person as a general partner:

(A) if the limited partnership has at least one remaining general partner, the consent to dissolve the limited partnership given within ninety (90) days after the dissociation by partners owning a majority of the rights to receive distributions as partners at the time the consent is to be effective; or

(B) if the limited partnership does not have a remaining general partner, the passage of ninety (90) days after the dissociation, unless before the end of the period:

(i) consent to continue the activities of the limited partnership and admit at least one general partner is given by limited partners owning a majority of the rights to receive distributions as limited partners at the time the consent is to be effective; and

(ii) at least one person is admitted as a general partner in accordance with the consent;

(4) the passage of ninety (90) days after the dissociation of the limited partnership's last limited partner, unless before the end of the period the limited partnership admits at least one limited partner; or

(5) the signing and filing of a declaration of dissolution by the Secretary of State under subsection (c) of Section 241 of this act.

SECTION 234. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-802 of Title 54, unless there is created a duplication in numbering, reads as follows:

JUDICIAL DISSOLUTION.

On application by a partner the district court may order dissolution of a limited partnership if it is not reasonably practicable to carry on the activities of the limited partnership in conformity with the partnership agreement.

SECTION 235. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-803 of Title 54, unless there is created a duplication in numbering, reads as follows:

WINDING UP.

(a) A limited partnership continues after dissolution only for the purpose of winding up its activities.

(b) In winding up its activities, the limited partnership:

(1) may amend its certificate of limited partnership to state that the limited partnership is dissolved, preserve the limited partnership business or property as a going concern for a reasonable time, prosecute and defend actions and proceedings, whether civil, criminal, or administrative, transfer the limited partnership's property, settle disputes by mediation or arbitration, file a statement of termination as provided in Section 191 of this act, and perform other necessary acts; and

(2) shall discharge the limited partnership's liabilities, settle and close the limited partnership's activities, and marshal and distribute the assets of the partnership.

(c) If a dissolved limited partnership does not have a general partner, a person to wind up the dissolved limited partnership's activities may be appointed by the consent of limited partners owning a majority of the rights to receive distributions as limited partners at the time the consent is to be effective. A person appointed under this subsection:

(1) has the powers of a general partner under Section 236 of this act; and

(2) shall promptly amend the certificate of limited partnership to state:

- (A) that the limited partnership does not have a general partner;
- (B) the name of the person that has been appointed to wind up the limited partnership; and
- (C) the street and mailing address of the person.

(d) On the application of any partner, the district court may order judicial supervision of the winding up, including the appointment of a person to wind up the dissolved limited partnership's activities, if:

(1) a limited partnership does not have a general partner and within a reasonable time following the dissolution no person has been appointed pursuant to subsection (c) of this section; or

(2) the applicant establishes other good cause.

SECTION 236. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-804 of Title 54, unless there is created a duplication in numbering, reads as follows:

POWER OF GENERAL PARTNER AND PERSON DISSOCIATED AS GENERAL PARTNER TO BIND PARTNERSHIP AFTER DISSOLUTION.

(a) A limited partnership is bound by a general partner's act after dissolution which:

(1) is appropriate for winding up the limited partnership's activities; or

(2) would have bound the limited partnership under Section 206 of this act before dissolution, if, at the time the other party enters into the transaction, the other party does not have notice of the dissolution.

(b) A person dissociated as a general partner binds a limited partnership through an act occurring after dissolution if:

(1) at the time the other party enters into the transaction:

- (A) less than two (2) years has passed since the dissociation; and
  - (B) the other party does not have notice of the dissociation and reasonably believes that the person is a general partner; and
- (2) the act:
- (A) is appropriate for winding up the limited partnership's activities; or
  - (B) would have bound the limited partnership under Section 206 of this act before dissolution and at the time the other party enters into the transaction the other party does not have notice of the dissolution.

SECTION 237. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-805 of Title 54, unless there is created a duplication in numbering, reads as follows:

LIABILITY AFTER DISSOLUTION OF GENERAL PARTNER AND PERSON DISSOCIATED AS GENERAL PARTNER TO LIMITED PARTNERSHIP, OTHER GENERAL PARTNERS, AND PERSONS DISSOCIATED AS GENERAL PARTNER.

(a) If a general partner having knowledge of the dissolution causes a limited partnership to incur an obligation under subsection (a) of Section 236 of this act by an act that is not appropriate for winding up the partnership's activities, the general partner is liable:

(1) to the limited partnership for any damage caused to the limited partnership arising from the obligation; and

(2) if another general partner or a person dissociated as a general partner is liable for the obligation, to that other general partner or person for any damage caused to that other general partner or person arising from the liability.

(b) If a person dissociated as a general partner causes a limited partnership to incur an obligation under subsection (b) of Section 236 of this act, the person is liable:



(1) to the limited partnership for any damage caused to the limited partnership arising from the obligation; and

(2) if a general partner or another person dissociated as a general partner is liable for the obligation, to the general partner or other person for any damage caused to the general partner or other person arising from the liability.

SECTION 238. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-806 of Title 54, unless there is created a duplication in numbering, reads as follows:

KNOWN CLAIMS AGAINST DISSOLVED LIMITED PARTNERSHIP.

(a) A dissolved limited partnership may dispose of the known claims against it by following the procedure described in subsection (b) of this section.

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

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

(2) provide a mailing address to which the claim is to be sent;

(3) state the deadline for receipt of the claim, which may not be less than one hundred twenty (120) days after the date the notice is received by the claimant;

(4) state that the claim will be barred if not received by the deadline; and

(5) unless the limited partnership has been throughout its existence a limited liability limited partnership, state that the barring of a claim against the limited partnership will also bar any corresponding claim against any general partner or person dissociated as a general partner which is based on Section 208 of this act.

(c) A claim against a dissolved limited partnership is barred if the requirements of subsection (b) are met and:

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

(2) in the case of a claim that is timely received but rejected by the dissolved limited partnership, the claimant does not commence an action to enforce the claim against the limited partnership within ninety (90) days after the receipt of the notice of the rejection.

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

SECTION 239. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-807 of Title 54, unless there is created a duplication in numbering, reads as follows:

OTHER CLAIMS AGAINST DISSOLVED LIMITED PARTNERSHIP.

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

(b) The notice must:

(1) be published at least once in a newspaper of general circulation in the county in which the dissolved limited partnership's principal office is located or, if it has none in this state, in the county in which the limited partnership's designated office is or was last located;

(2) describe the information required to be contained in a claim and provide a mailing address to which the claim is to be sent;

(3) state that a claim against the limited partnership is barred unless an action to enforce the claim is commenced within five (5) years after publication of the notice; and

(4) unless the limited partnership has been throughout its existence a limited liability limited partnership, state that the barring of a claim against the limited partnership will also bar any

corresponding claim against any general partner or person dissociated as a general partner which is based on Section 208 of this act.

(c) If a dissolved limited partnership publishes a notice in accordance with subsection (b) of this section, the claim of each of the following claimants is barred unless the claimant commences an action to enforce the claim against the dissolved limited partnership within five (5) years after the publication date of the notice:

(1) a claimant that did not receive notice in a record under Section 238 of this act;

(2) a claimant whose claim was timely sent to the dissolved limited partnership but not acted on; and

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

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

(1) against the dissolved limited partnership, to the extent of its undistributed assets;

(2) if the assets have been distributed in liquidation, against a partner or transferee to the extent of that person's proportionate share of the claim or the limited partnership's assets distributed to the partner or transferee in liquidation, whichever is less, but a person's total liability for all claims under this paragraph does not exceed the total amount of assets distributed to the person as part of the winding up of the dissolved limited partnership; or

(3) against any person liable on the claim under Section 208 of this act.

SECTION 240. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-808 of Title 54, unless there is created a duplication in numbering, reads as follows:

LIABILITY OF GENERAL PARTNER AND PERSON DISSOCIATED AS GENERAL PARTNER WHEN CLAIM AGAINST LIMITED PARTNERSHIP BARRED.

If a claim against a dissolved limited partnership is barred under Section 238 or 239 of this act, any corresponding claim under Section 208 of this act is also barred.

SECTION 241. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-809 of Title 54, unless there is created a duplication in numbering, reads as follows:

ADMINISTRATIVE DISSOLUTION.

(a) The Secretary of State may dissolve a limited partnership administratively if the limited partnership does not, within sixty (60) days after the due date:

(1) pay any fee, tax, or penalty due to the Secretary of State under the Uniform Limited Partnership Act of 2008 or other law; or

(2) deliver its annual report to the Secretary of State.

(b) If the Secretary of State determines that a ground exists for administratively dissolving a limited partnership, the Secretary of State shall file a record of the determination and serve the limited partnership with a copy of the filed record.

(c) If within sixty (60) days after service of the copy the limited partnership does not correct each ground for dissolution or demonstrate to the reasonable satisfaction of the Secretary of State that each ground determined by the Secretary of State does not exist, the Secretary of State shall administratively dissolve the limited partnership by preparing, signing and filing a declaration of dissolution that states the grounds for dissolution. The Secretary of State shall serve the limited partnership with a copy of the filed declaration.

(d) A limited partnership administratively dissolved continues its existence but may carry on only activities necessary to wind up its activities and liquidate its assets under Sections 235 and 244 of this act and to notify claimants under Sections 238 and 239 of this act.

(e) The administrative dissolution of a limited partnership does not terminate the authority of its agent for service of process.

SECTION 242. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-810 of Title 54, unless there is created a duplication in numbering, reads as follows:

REINSTATEMENT FOLLOWING ADMINISTRATIVE DISSOLUTION.

(a) A limited partnership that has been administratively dissolved may apply to the Secretary of State for reinstatement within two (2) years after the effective date of dissolution. The application must be delivered to the Secretary of State for filing and state:

(1) the name of the limited partnership and the effective date of its administrative dissolution;

(2) that the grounds for dissolution either did not exist or have been eliminated; and

(3) that the limited partnership's name satisfies the requirements of Section 178 of this act.

(b) If the Secretary of State determines that an application contains the information required by subsection (a) of this section and that the information is correct, the Secretary of State shall prepare a declaration of reinstatement that states this determination, sign, and file the original of the declaration of reinstatement, and serve the limited partnership with a copy.

(c) When reinstatement becomes effective, it relates back to and takes effect as of the effective date of the administrative dissolution and the limited partnership may resume its activities as if the administrative dissolution had never occurred.

SECTION 243. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-811 of Title 54, unless there is created a duplication in numbering, reads as follows:

APPEAL FROM DENIAL OF REINSTATEMENT.

(a) If the Secretary of State denies a limited partnership's application for reinstatement following administrative dissolution, the Secretary of State shall prepare, sign and file a notice that explains the reason or reasons for denial and serve the limited partnership with a copy of the notice.

(b) Within thirty (30) days after service of the notice of denial, the limited partnership may appeal from the denial of reinstatement by petitioning the district court to set aside the dissolution. The petition must be served on the Secretary of State and contain a copy of the Secretary of State's declaration of dissolution, the limited partnership's application for reinstatement, and the Secretary of State's notice of denial.

(c) The court may summarily order the Secretary of State to reinstate the dissolved limited partnership or may take other action the court considers appropriate.

SECTION 244. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-812 of Title 54, unless there is created a duplication in numbering, reads as follows:

DISPOSITION OF ASSETS; WHEN CONTRIBUTIONS REQUIRED.

(a) In winding up a limited partnership's activities, the assets of the limited partnership, including the contributions required by this section, must be applied to satisfy the limited partnership's obligations to creditors, including, to the extent permitted by law, partners that are creditors.

(b) Any surplus remaining after the limited partnership complies with subsection (a) of this section must be paid in cash as a distribution.

(c) If a limited partnership's assets are insufficient to satisfy all of its obligations under subsection (a) of this section, with respect to each unsatisfied obligation incurred when the limited partnership was not a limited liability limited partnership, the following rules apply:

(1) Each person that was a general partner when the obligation was incurred and that has not been released from the obligation under Section 228 of this act shall contribute to the limited partnership for the purpose of enabling the limited partnership to satisfy the obligation. The contribution due from each of those persons is in proportion to the right to receive distributions in the capacity of general partner in effect for each of those persons when the obligation was incurred.

(2) If a person does not contribute the full amount required under paragraph (1) of this subsection with respect to an unsatisfied obligation of the limited partnership, the other persons required to contribute by paragraph (1) of this subsection on account of the obligation shall contribute the additional amount necessary to discharge the obligation. The additional contribution due from each of those other persons is in proportion to the right to receive distributions in the capacity of general partner in effect for each of those other persons when the obligation was incurred.

(3) If a person does not make the additional contribution required by paragraph (2) of this subsection, further additional contributions are determined and due in the same manner as provided in that paragraph.

(d) A person that makes an additional contribution under paragraph (2) or (3) of subsection (c) of this section may recover from any person whose failure to contribute under paragraph (1) or (2) of subsection (c) of this section necessitated the additional contribution. A person may not recover under this subsection more than the amount additionally contributed. A person's liability under this subsection may not exceed the amount the person failed to contribute.

(e) The estate of a deceased individual is liable for the person's obligations under this section.

(f) An assignee for the benefit of creditors of a limited partnership or a partner, or a person appointed by a court to represent creditors of a limited partnership or a partner, may enforce a person's obligation to contribute under subsection (c) of this section.

## ARTICLE 9

### FOREIGN LIMITED PARTNERSHIPS

SECTION 245. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-901 of Title 54, unless there is created a duplication in numbering, reads as follows:

#### GOVERNING LAW.

(a) The laws of the state or other jurisdiction under which a foreign limited partnership is organized govern relations among the partners of the foreign limited partnership and between the partners and the foreign limited partnership and the liability of partners as partners for an obligation of the foreign limited partnership.

(b) A foreign limited partnership may not be denied a certificate of authority by reason of any difference between the laws of the jurisdiction under which the foreign limited partnership is organized and the laws of this state.

(c) A certificate of authority does not authorize a foreign limited partnership to engage in any business or exercise any power that a limited partnership may not engage in or exercise in this state.

SECTION 246. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-902 of Title 54, unless there is created a duplication in numbering, reads as follows:

#### APPLICATION FOR CERTIFICATE OF AUTHORITY.

(a) A foreign limited partnership may apply for a certificate of authority to transact business in this state by delivering an application to the Secretary of State for filing. The application must state:

(1) the name of the foreign limited partnership and, if the name does not comply with Section 178 of this act, an alternate name adopted pursuant to subsection (a) of Section 249 of this act.



(2) the name of the state or other jurisdiction under whose law the foreign limited partnership is organized;

(3) the street and mailing address of the foreign limited partnership's principal office and, if the laws of the jurisdiction under which the foreign limited partnership is organized require the foreign limited partnership to maintain an office in that jurisdiction, the street and mailing address of the required office;

(4) the name and street and mailing address of the foreign limited partnership's initial agent for service of process in this state;

(5) the name and street and mailing address of each of the foreign limited partnership's general partners; and

(6) whether the foreign limited partnership is a foreign limited liability limited partnership.

(b) A foreign limited partnership shall deliver with the completed application a certificate of existence or a record of similar import signed by the Secretary of State or other official having custody of the foreign limited partnership's publicly filed records in the state or other jurisdiction under whose law the foreign limited partnership is organized.

SECTION 247. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-903 of Title 54, unless there is created a duplication in numbering, reads as follows:

ACTIVITIES NOT CONSTITUTING TRANSACTING BUSINESS.

(a) Activities of a foreign limited partnership which do not constitute transacting business in this state within the meaning of this article include:

(1) maintaining, defending, and settling an action or proceeding;

(2) holding meetings of its partners or carrying on any other activity concerning its internal affairs;

(3) maintaining accounts in financial institutions;

(4) maintaining offices or agencies for the transfer, exchange, and registration of the foreign limited partnership's own securities or maintaining trustees or depositories with respect to those securities;

(5) selling through independent contractors;

(6) soliciting or obtaining orders, whether by mail or electronic means or through employees or agents or otherwise, if the orders require acceptance outside this state before they become contracts;

(7) creating or acquiring indebtedness, mortgages, or security interests in real or personal property;

(8) securing or collecting debts or enforcing mortgages or other security interests in property securing the debts, and holding, protecting, and maintaining property so acquired;

(9) conducting an isolated transaction that is completed within thirty (30) days and is not one in the course of similar transactions of a like manner; and

(10) transacting business in interstate commerce.

(b) For purposes of this article, the ownership in this state of income-producing real property or tangible personal property, other than property excluded under subsection (a) of this section, constitutes transacting business in this state.

(c) This section does not apply in determining the contacts or activities that may subject a foreign limited partnership to service of process, taxation, or regulation under any other law of this state.

SECTION 248. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-904 of Title 54, unless there is created a duplication in numbering, reads as follows:

FILING OF CERTIFICATE OF AUTHORITY.

Unless the Secretary of State determines that an application for a certificate of authority does not comply with the filing requirements of the Uniform Limited Partnership Act of 2008, the Secretary of State, upon payment of all filing fees, shall file the application, prepare, sign and file a certificate of authority to transact business in this state, and send a copy of the filed certificate, together with a receipt for the fees, to the foreign limited partnership or its representative.

SECTION 249. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-905 of Title 54, unless there is created a duplication in numbering, reads as follows:

NONCOMPLYING NAME OF FOREIGN LIMITED PARTNERSHIP.

(a) A foreign limited partnership whose name does not comply with Section 178 of this act may not obtain a certificate of authority until it adopts, for the purpose of transacting business in this state, an alternate name that complies with Section 178 of this act. After obtaining a certificate of authority with an alternate name, a foreign limited partnership shall transact business in this state under that name.

(b) If a foreign limited partnership authorized to transact business in this state changes its name to one that does not comply with Section 178 of this act, it may not thereafter transact business in this state until it complies with subsection (a) of this section and obtains an amended certificate of authority.

SECTION 250. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-906 of Title 54, unless there is created a duplication in numbering, reads as follows:

REVOCAATION OF CERTIFICATE OF AUTHORITY.

(a) A certificate of authority of a foreign limited partnership to transact business in this state may be revoked by the Secretary of State in the manner provided in subsections (b) and (c) of this section if the foreign limited partnership does not:

(1) pay, within sixty (60) days after the due date, any fee, tax or penalty due to the Secretary of State under the Uniform Limited Partnership Act of 2008 or other law;

(2) deliver, within sixty (60) days after the due date, its annual report required under Section 198 of this act;

(3) appoint and maintain an agent for service of process as required by subsection (b) of Section 184 of this act; or

(4) deliver for filing a statement of a change under Section 185 of this act within thirty (30) days after a change has occurred in the name or address of the agent.

(b) In order to revoke a certificate of authority, the Secretary of State must prepare, sign, and file a notice of revocation and send a copy to the foreign limited partnership's agent for service of process in this state, or if the foreign limited partnership does not appoint and maintain a proper agent in this state, to the foreign limited partnership's designated office. The notice must state:

(1) the revocation's effective date, which must be at least sixty (60) days after the date the Secretary of State sends the copy; and

(2) the foreign limited partnership's failures to comply with subsection (a) of this section which are the reason for the revocation.

(c) The authority of the foreign limited partnership to transact business in this state ceases on the effective date of the notice of revocation unless before that date the foreign limited partnership cures each failure to comply with subsection (a) of this section stated in the notice. If the foreign limited partnership cures the failures, the Secretary of State shall so indicate on the filed notice.

SECTION 251. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-907 of Title 54, unless there is created a duplication in numbering, reads as follows:

CANCELLATION OF CERTIFICATE OF AUTHORITY; EFFECT OF FAILURE TO HAVE CERTIFICATE.

(a) In order to cancel its certificate of authority to transact business in this state, a foreign limited partnership must deliver to the Secretary of State for filing a notice of cancellation. The certificate is canceled when the notice becomes effective under Section 194 of this act.

(b) A foreign limited partnership transacting business in this state may not maintain an action or proceeding in this state unless it has a certificate of authority to transact business in this state.

(c) The failure of a foreign limited partnership to have a certificate of authority to transact business in this state does not impair the validity of a contract or act of the foreign limited partnership or prevent the foreign limited partnership from defending an action or proceeding in this state.

(d) A partner of a foreign limited partnership is not liable for the obligations of the foreign limited partnership solely by reason of the foreign limited partnership's having transacted business in this state without a certificate of authority.

(e) If a foreign limited partnership transacts business in this state without a certificate of authority or cancels its certificate of authority, it appoints the Secretary of State as its agent for service of process for rights of action arising out of the transaction of business in this state.

SECTION 252. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-908 of Title 54, unless there is created a duplication in numbering, reads as follows:

ACTION BY ATTORNEY GENERAL.

The Attorney General may maintain an action to restrain a foreign limited partnership from transacting business in this state in violation of this article.

ARTICLE 10

## ACTIONS BY PARTNERS

SECTION 253. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-1001 of Title 54, unless there is created a duplication in numbering, reads as follows:

### DIRECT ACTION BY PARTNER.

(a) Subject to subsection (b) of this section, a partner may maintain a direct action against the limited partnership or another partner for legal or equitable relief, with or without an accounting as to the partnership's activities, to enforce the rights and otherwise protect the interests of the partner, including rights and interests under the partnership agreement or the Uniform Limited Partnership Act of 2008 or arising independently of the partnership relationship.

(b) A partner commencing a direct action under this section is required to plead and prove an actual or threatened injury that is not solely the result of an injury suffered or threatened to be suffered by the limited partnership.

(c) The accrual of, and any time limitation on, a right of action for a remedy under this section is governed by other law. A right to an accounting upon a dissolution and winding up does not revive a claim barred by law.

SECTION 254. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-1002 of Title 54, unless there is created a duplication in numbering, reads as follows:

### DERIVATIVE ACTION.

A partner may maintain a derivative action to enforce a right of a limited partnership if:

(1) the partner first makes a demand on the general partners, requesting that they cause the limited partnership to bring an action to enforce the right, and the general partners do not bring the action within a reasonable time; or

(2) a demand would be futile.

SECTION 255. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-1003 of Title 54, unless there is created a duplication in numbering, reads as follows:

PROPER PLAINTIFF.

A derivative action may be maintained only by a person that is a partner at the time the action is commenced and:

(1) that was a partner when the conduct giving rise to the action occurred; or

(2) whose status as a partner devolved upon the person by operation of law or pursuant to the terms of the partnership agreement from a person that was a partner at the time of the conduct.

SECTION 256. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-1004 of Title 54, unless there is created a duplication in numbering, reads as follows:

PLEADING.

In a derivative action, the complaint must state with particularity:

(1) the date and content of plaintiff's demand and the general partners' response to the demand; or

(2) why demand should be excused as futile.

SECTION 257. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-1005 of Title 54, unless there is created a duplication in numbering, reads as follows:

PROCEEDS AND EXPENSES.

(a) Except as otherwise provided in subsection (b) of this section:

(1) any proceeds or other benefits of a derivative action, whether by judgment, compromise, or settlement, belong to the limited partnership and not to the derivative plaintiff;

(2) if the derivative plaintiff receives any proceeds, the derivative plaintiff shall immediately remit them to the limited partnership.

(b) If a derivative action is successful in whole or in part, the court may award the plaintiff reasonable expenses, including reasonable attorney fees, from the recovery of the limited partnership.

## ARTICLE 11

### CONVERSION AND MERGER

SECTION 258. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-1101 of Title 54, unless there is created a duplication in numbering, reads as follows:

#### DEFINITIONS.

In this article:

(1) "Constituent limited partnership" means a constituent organization that is a limited partnership;

(2) "Constituent organization" means an organization that is party to a merger;

(3) "Converted organization" means the organization into which a converting organization converts pursuant to Sections 259 through 262 of this act;

(4) "Converting limited partnership" means a converting organization that is a limited partnership;

(5) "Converting organization" means an organization that converts into another organization pursuant to Section 259 of this act;



(6) "General partner" means a general partner of a limited partnership;

(7) "Governing statute" of an organization means the statute that governs the organization's internal affairs;

(8) "Organization" means a general partnership, including a limited liability partnership; limited partnership, including a limited liability limited partnership; limited liability company; business trust; corporation; or any other person having a governing statute. The term includes domestic and foreign organizations whether or not organized for profit;

(9) "Organizational documents" means:

- (A) for a domestic or foreign general partnership, its partnership agreement;
- (B) for a limited partnership or foreign limited partnership, its certificate of limited partnership and partnership agreement;
- (C) for a domestic or foreign limited liability company, its articles of organization and operating agreement, or comparable records as provided in its governing statute;
- (D) for a business trust, its agreement of trust and declaration of trust;
- (E) for a domestic or foreign corporation for profit, its articles of incorporation, bylaws, and other agreements among its shareholders which are authorized by its governing statute, or comparable records as provided in its governing statute; and
- (F) for any other organization, the basic records that create the organization and determine its internal governance and the relations among the persons that own it, have an interest in it, or are members of it;

(10) "Personal liability" means personal liability for a debt, liability, or other obligation of an organization which is imposed on a person that co-owns, has an interest in, or is a member of the organization:

- (A) by the organization's governing statute solely by reason of the person co-owning, having an interest in, or being a member of the organization; or
- (B) by the organization's organizational documents under a provision of the organization's governing statute authorizing those documents to make one or more specified persons liable for all or specified debts, liabilities, and other obligations of the organization solely by reason of the person or persons co-owning, having an interest in, or being a member of the organization; and

(11) "Surviving organization" means an organization into which one or more other organizations are merged. A surviving organization may preexist the merger or be created by the merger.

SECTION 259. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-1102 of Title 54, unless there is created a duplication in numbering, reads as follows:

CONVERSION.

(a) An organization other than a limited partnership may convert to a limited partnership, and a limited partnership may convert to another organization pursuant to this section and Sections 260 through 262 of this act and a plan of conversion, if:

(1) the other organization's governing statute authorizes the conversion;

(2) the conversion is not prohibited by the law of the jurisdiction that enacted the governing statute; and

(3) the other organization complies with its governing statute in effecting the conversion.

(b) A plan of conversion must be in a record and must include:

(1) the name and form of the organization before conversion;

(2) the name and form of the organization after conversion; and

(3) the terms and conditions of the conversion, including the manner and basis for converting interests in the converting organization into any combination of money, interests in the converted organization, and other consideration; and

(4) the organizational documents of the converted organization.

SECTION 260. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-1103 of Title 54, unless there is created a duplication in numbering, reads as follows:

ACTION ON PLAN OF CONVERSION BY CONVERTING LIMITED PARTNERSHIP.

(a) Subject to Section 267 of this act, a plan of conversion must be consented to by all the partners of a converting limited partnership.

(b) Subject to Section 267 of this act and any contractual rights, after a conversion is approved, and at any time before a filing is made under Section 261 of this act, a converting limited partnership may amend the plan or abandon the planned conversion:

(1) as provided in the plan; and

(2) except as prohibited by the plan, by the same consent as was required to approve the plan.

SECTION 261. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-1104 of Title 54, unless there is created a duplication in numbering, reads as follows:

FILINGS REQUIRED FOR CONVERSION; EFFECTIVE DATE.

(a) After a plan of conversion is approved:

(1) a converting limited partnership shall deliver to the Secretary of State for filing articles of conversion, which must include:

- (A) a statement that the limited partnership has been converted into another organization;
- (B) the name and form of the organization and the jurisdiction of its governing statute;
- (C) the date the conversion is effective under the governing statute of the converted organization;
- (D) a statement that the conversion was approved as required by the Uniform Limited Partnership Act of 2008;
- (E) a statement that the conversion was approved as required by the governing statute of the converted organization; and
- (F) if the converted organization is a foreign organization not authorized to transact business in this state, the street and mailing address of an office which the Secretary of State may use for the purposes of subsection (c) of Section 262 of this act; and

(2) if the converting organization is not a converting limited partnership, the converting organization shall deliver to the Secretary of State for filing a certificate of limited partnership, which must include, in addition to the information required by Section 189 of this act:

- (A) a statement that the limited partnership was converted from another organization;
- (B) the name and form of the organization and the jurisdiction of its governing statute; and

(C) a statement that the conversion was approved in a manner that complied with the organization's governing statute.

(b) A conversion becomes effective:

(1) if the converted organization is a limited partnership, when the certificate of limited partnership takes effect; and

(2) if the converted organization is not a limited partnership, as provided by the governing statute of the converted organization.

SECTION 262. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-1105 of Title 54, unless there is created a duplication in numbering, reads as follows:

EFFECT OF CONVERSION.

(a) An organization that has been converted pursuant to this article is for all purposes the same entity that existed before the conversion.

(b) When a conversion takes effect:

(1) all property owned by the converting organization remains vested in the converted organization;

(2) all debts, liabilities, and other obligations of the converting organization continue as obligations of the converted organization;

(3) an action or proceeding pending by or against the converting organization may be continued as if the conversion had not occurred;

(4) except as prohibited by other law, all of the rights, privileges, immunities, powers, and purposes of the converting organization remain vested in the converted organization;

(5) except as otherwise provided in the plan of conversion, the terms and conditions of the plan of conversion take effect; and

(6) except as otherwise agreed, the conversion does not dissolve a converting limited partnership for the purposes of Article 8 of the Uniform Limited Partnership Act of 2008.

(c) A converted organization that is a foreign organization consents to the jurisdiction of the courts of this state to enforce any obligation owed by the converting limited partnership, if before the conversion the converting limited partnership was subject to suit in this state on the obligation. A converted organization that is a foreign organization and not authorized to transact business in this state appoints the Secretary of State as its agent for service of process for purposes of enforcing an obligation under this subsection. Service on the Secretary of State under this subsection is made in the same manner and with the same consequences as in subsections (c) and (d) of Section 187 of this act.

SECTION 263. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-1106 of Title 54, unless there is created a duplication in numbering, reads as follows:

MERGER.

(a) A limited partnership may merge with one or more other constituent organizations pursuant to this section and Sections 264 through 266 of this act and a plan of merger, if:

(1) the governing statute of each of the other organizations authorizes the merger;

(2) the merger is not prohibited by the law of a jurisdiction that enacted any of those governing statutes; and

(3) each of the other organizations complies with its governing statute in effecting the merger.

(b) A plan of merger must be in a record and must include:

(1) the name and form of each constituent organization;

(2) the name and form of the surviving organization and, if the surviving organization is to be created by the merger, a statement to that effect;

(3) the terms and conditions of the merger, including the manner and basis for converting the interests in each constituent organization into any combination of money, interests in the surviving organization, and other consideration;

(4) if the surviving organization is to be created by the merger, the surviving organization's organizational documents; and

(5) if the surviving organization is not to be created by the merger, any amendments to be made by the merger to the surviving organization's organizational documents.

SECTION 264. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-1107 of Title 54, unless there is created a duplication in numbering, reads as follows:

ACTION ON PLAN OF MERGER BY CONSTITUENT LIMITED PARTNERSHIP.

(a) Subject to Section 267 of this act, a plan of merger must be consented to by all the partners of a constituent limited partnership.

(b) Subject to Section 267 of this act and any contractual rights, after a merger is approved, and at any time before a filing is made under Section 265 of this act, a constituent limited partnership may amend the plan or abandon the planned merger:

(1) as provided in the plan; and

(2) except as prohibited by the plan, with the same consent as was required to approve the plan.

SECTION 265. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-1108 of Title 54, unless there is created a duplication in numbering, reads as follows:

FILINGS REQUIRED FOR MERGER; EFFECTIVE DATE.

(a) After each constituent organization has approved a merger, articles of merger must be signed on behalf of:

(1) each preexisting constituent limited partnership, by each general partner listed in the certificate of limited partnership; and

(2) each other preexisting constituent organization, by an authorized representative.

(b) The articles of merger must include:

(1) the name and form of each constituent organization and the jurisdiction of its governing statute;

(2) the name and form of the surviving organization, the jurisdiction of its governing statute, and, if the surviving organization is created by the merger, a statement to that effect;

(3) the date the merger is effective under the governing statute of the surviving organization;

(4) if the surviving organization is to be created by the merger:

(A) if it will be a limited partnership, the limited partnership's certificate of limited partnership; or

(B) if it will be an organization other than a limited partnership, the organizational document that creates the organization;

(5) if the surviving organization preexists the merger, any amendments provided for in the plan of merger for the organizational document that created the organization;

(6) a statement as to each constituent organization that the merger was approved as required by the organization's governing statute;

(7) if the surviving organization is a foreign organization not authorized to transact business in this state, the street and mailing address of an office which the Secretary of State may use for the purposes of subsection (b) of Section 266 of this act; and



(8) any additional information required by the governing statute of any constituent organization.

(c) Each constituent limited partnership shall deliver the articles of merger for filing in the Office of the Secretary of State.

(d) A merger becomes effective under this article:

(1) if the surviving organization is a limited partnership, upon the later of:

(A) compliance with subsection (c) of this section; or

(B) subject to subsection (c) of Section 194 of this act, as specified in the articles of merger; or

(2) if the surviving organization is not a limited partnership, as provided by the governing statute of the surviving organization.

SECTION 266. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-1109 of Title 54, unless there is created a duplication in numbering, reads as follows:

EFFECT OF MERGER.

(a) When a merger becomes effective:

(1) the surviving organization continues or comes into existence;

(2) each constituent organization that merges into the surviving organization ceases to exist as a separate entity;

(3) all property owned by each constituent organization that ceases to exist vests in the surviving organization;

(4) all debts, liabilities, and other obligations of each constituent organization that ceases to exist continue as obligations of the surviving organization;

(5) an action or proceeding pending by or against any constituent organization that ceases to exist may be continued as if the merger had not occurred;

(6) except as prohibited by other law, all of the rights, privileges, immunities, powers, and purposes of each constituent organization that ceases to exist vest in the surviving organization;

(7) except as otherwise provided in the plan of merger, the terms and conditions of the plan of merger take effect;

(8) except as otherwise agreed, if a constituent limited partnership ceases to exist, the merger does not dissolve the limited partnership for the purposes of Article 8 of the Uniform Limited Partnership Act of 2008;

(9) if the surviving organization is created by the merger:

(A) if it is a limited partnership, the certificate of limited partnership becomes effective; or

(B) if it is an organization other than a limited partnership, the organizational document that creates the organization becomes effective; and

(10) if the surviving organization preexists the merger, any amendments provided for in the articles of merger for the organizational document that created the organization become effective.

(b) A surviving organization that is a foreign organization consents to the jurisdiction of the courts of this state to enforce any obligation owed by a constituent organization, if before the merger the constituent organization was subject to suit in this state on the obligation. A surviving organization that is a foreign organization and not authorized to transact business in this state appoints the Secretary of State as its agent for service of process for the purposes of enforcing an obligation under this subsection. Service on the Secretary of State under this subsection is made in the same manner and with the same consequences as in subsections (c) and (d) of Section 187 of this act.

SECTION 267. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-1110 of Title 54, unless there is created a duplication in numbering, reads as follows:

RESTRICTIONS ON APPROVAL OF CONVERSIONS AND MERGERS AND ON RELINQUISHING LLLP STATUS.

(a) If a partner of a converting or constituent limited partnership will have personal liability with respect to a converted or surviving organization, approval and amendment of a plan of conversion or merger are ineffective without the consent of the partner, unless:

(1) the limited partnership's partnership agreement provides for the approval of the conversion or merger with the consent of fewer than all the partners; and

(2) the partner has consented to the provision of the partnership agreement.

(b) An amendment to a certificate of limited partnership which deletes a statement that the limited partnership is a limited liability limited partnership is ineffective without the consent of each general partner unless:

(1) the limited partnership's partnership agreement provides for the amendment with the consent of less than all the general partners; and

(2) each general partner that does not consent to the amendment has consented to the provision of the partnership agreement.

(c) A partner does not give the consent required by subsection (a) or (b) of this section merely by consenting to a provision of the partnership agreement which permits the partnership agreement to be amended with the consent of fewer than all the partners.

SECTION 268. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-1111 of Title 54, unless there is created a duplication in numbering, reads as follows:

LIABILITY OF GENERAL PARTNER AFTER CONVERSION OR MERGER.

(a) A conversion or merger under this article does not discharge any liability under Sections 208 and 228 of this act of a person that was a general partner in or dissociated as a general partner from a converting or constituent limited partnership, but:

(1) the provisions of the Uniform Limited Partnership Act of 2008 pertaining to the collection or discharge of the liability continue to apply to the liability;

(2) for the purposes of applying those provisions, the converted or surviving organization is deemed to be the converting or constituent limited partnership; and

(3) if a person is required to pay any amount under this subsection:

(A) the person has a right of contribution from each other person that was liable as a general partner under Section 208 of this act when the obligation was incurred and has not been released from the obligation under Section 228 of this act; and

(B) the contribution due from each of those persons is in proportion to the right to receive distributions in the capacity of general partner in effect for each of those persons when the obligation was incurred.

(b) In addition to any other liability provided by law:

(1) a person that immediately before a conversion or merger became effective was a general partner in a converting or constituent limited partnership that was not a limited liability limited partnership is personally liable for each obligation of the converted or surviving organization arising from a transaction with a third party after the conversion or merger becomes effective, if, at the time the third party enters into the transaction, the third party:

(A) does not have notice of the conversion or merger; and

(B) reasonably believes that:

- (i) the converted or surviving business is the converting or constituent limited partnership;
- (ii) the converting or constituent limited partnership is not a limited liability limited partnership; and
- (iii) the person is a general partner in the converting or constituent limited partnership; and

(2) a person that was dissociated as a general partner from a converting or constituent limited partnership before the conversion or merger became effective is personally liable for each obligation of the converted or surviving organization arising from a transaction with a third party after the conversion or merger becomes effective, if:

(A) immediately before the conversion or merger became effective the converting or surviving limited partnership was not a limited liability limited partnership; and

(B) at the time the third party enters into the transaction less than two (2) years have passed since the person dissociated as a general partner and the third party:

- (i) does not have notice of the dissociation;
- (ii) does not have notice of the conversion or merger; and
- (iii) reasonably believes that the converted or surviving organization is the converting or constituent limited partnership, the converting or constituent limited partnership is not a limited liability limited partnership, and the person is a general partner in the converting or constituent limited partnership.

SECTION 269. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-1112 of Title 54, unless there is created a duplication in numbering, reads as follows:

POWER OF GENERAL PARTNERS AND PERSONS DISSOCIATED AS GENERAL PARTNERS TO BIND ORGANIZATION AFTER CONVERSION OR MERGER.

(a) An act of a person that immediately before a conversion or merger became effective was a general partner in a converting or constituent limited partnership binds the converted or surviving organization after the conversion or merger becomes effective, if:

(1) before the conversion or merger became effective, the act would have bound the converting or constituent limited partnership under Section 206 of this act; and

(2) at the time the third party enters into the transaction, the third party:

(A) does not have notice of the conversion or merger; and

(B) reasonably believes that the converted or surviving business is the converting or constituent limited partnership and that the person is a general partner in the converting or constituent limited partnership.

(b) An act of a person that before a conversion or merger became effective was dissociated as a general partner from a converting or constituent limited partnership binds the converted or surviving organization after the conversion or merger becomes effective, if:

(1) before the conversion or merger became effective, the act would have bound the converting or constituent limited partnership under Section 206 of this act if the person had been a general partner; and

(2) at the time the third party enters into the transaction, less than two (2) years have passed since the person dissociated as a general partner and the third party:

(A) does not have notice of the dissociation;

- (B) does not have notice of the conversion or merger; and
- (C) reasonably believes that the converted or surviving organization is the converting or constituent limited partnership and that the person is a general partner in the converting or constituent limited partnership.

(c) If a person having knowledge of the conversion or merger causes a converted or surviving organization to incur an obligation under subsection (a) or (b) of this section, the person is liable:

(1) to the converted or surviving organization for any damage caused to the organization arising from the obligation; and

(2) if another person is liable for the obligation, to that other person for any damage caused to that other person arising from the liability.

SECTION 270. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-1113 of Title 54, unless there is created a duplication in numbering, reads as follows:

ARTICLE NOT EXCLUSIVE.

This article does not preclude an entity from being converted or merged under other law.

## ARTICLE 12

### MISCELLANEOUS PROVISIONS

SECTION 271. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-1201 of Title 54, unless there is created a duplication in numbering, reads as follows:

UNIFORMITY OF APPLICATION AND CONSTRUCTION.

In applying and construing the Uniform Limited Partnership Act of 2008, consideration must be given to the need to promote uniformity of the law with respect to its subject matter among states that enact it.

SECTION 272. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-1202 of Title 54, unless there is created a duplication in numbering, reads as follows:

[Reserved]

SECTION 273. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-1203 of Title 54, unless there is created a duplication in numbering, reads as follows:

RELATION TO ELECTRONIC SIGNATURES IN GLOBAL AND NATIONAL COMMERCE ACT.

The Uniform Limited Partnership Act of 2008 modifies, limits, or supersedes the federal Electronic Signatures in Global and National Commerce Act, 15 U.S.C., Section 7001 et seq., but the Uniform Limited Partnership Act of 2008 does not modify, limit, or supersede Section 101(c) of the federal Electronic Signatures in Global and National Commerce Act or authorize electronic delivery of any of the notices described in Section 103(b) of that act.

SECTION 274. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-1204 of Title 54, unless there is created a duplication in numbering, reads as follows:

[Reserved]

SECTION 275. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-1205 of Title 54, unless there is created a duplication in numbering, reads as follows:

[Reserved]

SECTION 276. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-1206 of Title 54, unless there is created a duplication in numbering, reads as follows:

APPLICATION TO EXISTING RELATIONSHIPS.

(a) Before July 1, 2008, the Uniform Limited Partnership Act of 2008 governs only:



(1) a limited partnership formed on or after November 1, 2007;  
and

(2) except as otherwise provided in subsections (c) and (d) of this section, a limited partnership formed before November 1, 2007, which elects, in the manner provided in its partnership agreement or by law for amending the partnership agreement, to be subject to the Uniform Limited Partnership Act of 2008.

(b) Except as otherwise provided in subsection (c) of this section, on and after July 1, 2008, the Uniform Limited Partnership Act of 2008 governs all limited partnerships.

(c) With respect to a limited partnership formed before November 1, 2007, the following rules apply except as the partners otherwise elect in the manner provided in the partnership agreement or by law for amending the partnership agreement:

(1) Subsection (c) of Section 174 of this act does not apply and the limited partnership has whatever duration it had under the law applicable immediately before November 1, 2007.

(2) The limited partnership is not required to amend its certificate of limited partnership to comply with paragraph (4) of subsection (a) of Section 189 of this act.

(3) Sections 222 and 223 of this act do not apply and a limited partner has the same right and power to dissociate from the limited partnership, with the same consequences, as existed immediately before November 1, 2007.

(4) Paragraph (4) of Section 224 of this act does not apply.

(5) Paragraph (5) of Section 224 of this act does not apply and a court has the same power to expel a general partner as the court had immediately before November 1, 2007.

(6) Paragraph (3) of Section 233 of this act does not apply and the connection between a person's dissociation as a general partner and the dissolution of the limited partnership is the same as existed immediately before November 1, 2007.

(d) With respect to a limited partnership that elects pursuant to paragraph (2) of subsection (a) of this section to be subject to the Uniform Limited Partnership Act of 2008, after the election takes effect the provisions of the Uniform Limited Partnership Act of 2008 relating to the liability of the limited partnership's general partners to third parties apply:

(1) before July 1, 2008, to:

(A) a third party that had not done business with the limited partnership in the year before the election took effect; and

(B) a third party that had done business with the limited partnership in the year before the election took effect only if the third party knows or has received a notification of the election; and

(2) on and after July 1, 2008, to all third parties, but those provisions remain inapplicable to any obligation incurred while those provisions were inapplicable under subparagraph (B) of paragraph (1) of this subsection.

SECTION 277. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 500-1207 of Title 54, unless there is created a duplication in numbering, reads as follows:

SAVINGS CLAUSE.

The Uniform Limited Partnership Act of 2008 does not affect an action commenced, proceeding brought, or right accrued before the Uniform Limited Partnership Act of 2008 takes effect.

SECTION 278. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1101 of Title 60, unless there is created a duplication in numbering, reads as follows:

For purposes of Sections 278 through 286 of this act:

1. "Action", with respect to an act of a trustee, includes a failure to act;

2. "Ascertainable standard" means a standard relating to an individual's health, education, support, or maintenance within the meaning of Section 2041(b)(1)(A) or 2514(c)(1) of the Internal Revenue Code of 1986, as in effect or as later amended;

3. "Beneficiary" means a person that:

- a. has a present or future beneficial interest in a trust, vested or contingent, or
- b. in a capacity other than that of trustee, holds a power of appointment over trust property;

4. "Charitable trust" means a trust, or portion of a trust, created for a charitable purpose;

5. "Conservator" means a person appointed by the court to administer the estate of an adult individual;

6. "Environmental law" means a federal, state, or local law, rule, regulation, or ordinance relating to protection of the environment;

7. "Guardian" means a person appointed by the court, to make decisions regarding the person or property of a minor or adult, pursuant to the Oklahoma Guardianship and Conservatorship Act. The term does not include a guardian ad litem;

8. "Interests of the beneficiaries" means the beneficial interests provided in the terms of the trust;

9. "Jurisdiction", with respect to geographic area, includes a state or country;

10. "Person" means an individual; corporation; business trust; estate; trust; partnership; limited liability company; association; joint venture; government; governmental subdivision, agency, or instrumentality; public corporation; or any other legal or commercial entity;

11. "Power of withdrawal" means a presently exercisable general power of appointment other than a power exercisable by a trustee which is limited by an ascertainable standard related to a beneficiary-trustee's health, education, maintenance, or support, or which is exercisable by another person only upon consent of the trustee or a person holding an adverse interest;

12. "Property" means anything that may be the subject of ownership, whether real or personal, legal or equitable, or any interest therein;

13. "Qualified beneficiary" means, unless the trust instrument provides otherwise, a beneficiary who, on the date the beneficiary's qualification is determined:

- a. is a distributee or permissible distributee of a present interest in trust income or principal, or has a vested remainder interest in the trust,
- b. is a charitable organization expressly entitled to receive benefits under the terms of a charitable trust or a person appointed to enforce a trust created for the care of an animal or another noncharitable purpose, or
- c. is the Attorney General of this state with respect to a charitable trust having its principal place of administration in this state;

14. "Revocable", as applied to a trust, means revocable by the settlor without the consent of the trustee or a person holding an adverse interest;

15. "Settlor" means a person, including a testator, who creates, or contributes property to, a trust. If more than one person creates or contributes property to a trust, each person is a settlor of the portion of the trust property attributable to that person's contribution except to the extent another person has the power to revoke or withdraw that portion. The term trustor shall also mean settlor;

16. "State" means a state of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of the United States. The term includes an Indian tribe or band recognized by federal law or formally acknowledged by a state;

17. "Terms of a trust" means the manifestation of the settlor's intent regarding a trust's provisions as expressed in the trust instrument or as may be established by other evidence that would be admissible in a judicial proceeding;

18. "Trust instrument" means an instrument executed by the settlor that contains terms of the trust, including any amendments thereto; and

19. "Trustee" includes an original, additional, and successor trustee, and a cotrustee.

SECTION 279. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1102 of Title 60, unless there is created a duplication in numbering, reads as follows:

A. Subject to subsection B of this section, a person has knowledge of a fact if the person:

1. Has actual knowledge of it;
2. Has received a notice or notification of it; or
3. From all of the facts and circumstances known to the person at the time in question, has reason to know it.

B. An organization that conducts activities through employees has notice or knowledge of a fact involving a trust only from the time the information was received by an employee having responsibility to act for the trust, or would have been brought to the employee's attention if the organization had exercised reasonable diligence. An organization exercises reasonable diligence if it maintains reasonable routines for communicating significant information to the employee having responsibility to act for the trust and there is reasonable compliance with the routines. Reasonable diligence does not require an employee of the

organization to communicate the information unless the communication is part of the individual's regular duties or the individual knows a matter involving the trust would be materially affected by the information.

SECTION 280. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1103 of Title 60, unless there is created a duplication in numbering, reads as follows:

The common law of trusts and principles of equity supplement this act, except to the extent modified by this act or another statute of this state.

SECTION 281. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1104 of Title 60, unless there is created a duplication in numbering, reads as follows:

A. Without precluding other means for establishing a sufficient connection with the designed jurisdiction, terms of a trust designating the principal place of administration are valid and controlling if:

1. A trustee's principal place of business is located in or a trustee is a resident of the designated jurisdiction; or

2. All or part of the administration occurs in the designated jurisdiction.

B. A trustee is under a continuing duty to administer the trust at a place appropriate to its purposes, its administration, and the interests of the beneficiaries.

C. Without precluding the right of the court to order, approve, or disapprove a transfer, the trustee, in furtherance of the duty prescribed by subsection B of this section, may transfer the trust's principal place of administration to another state or to a jurisdiction outside of the United States.

D. The trustee shall notify the qualified beneficiaries of a proposed transfer of a trust's principal place of administration to a location outside of this state, not less than sixty (60) days

before initiating the transfer. The notice of proposed transfer must include:

1. The name of the jurisdiction to which the principal place of administration is to be transferred;
2. The address and telephone number at the new location at which the trustee can be contacted;
3. An explanation of the reasons for the proposed transfer;
4. The date on which the proposed transfer is anticipated to occur; and
5. The date, not less than sixty (60) days after the giving of the notice, by which the qualified beneficiary must notify the trustee of an objection to the proposed transfer.

E. The authority of a trustee under this section to transfer a trust's principal place of administration to a location outside of this state terminates if a qualified beneficiary notifies the trustee of an objection to the proposed transfer on or before the date specified in the notice.

F. In connection with a transfer of the trust's principal place of administration, the trustee may transfer some or all of the trust property to a successor trustee designed in the terms of the trust or otherwise appointed as provided by law.

SECTION 282. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1105 of Title 60, unless there is created a duplication in numbering, reads as follows:

A. Notice to a person under this act or the sending of a document to a person under this act must be accomplished in a manner reasonably suitable under the circumstances and likely to result in the receipt of the notice or document. Permissible methods of notice or for sending a document include first-class mail, personal delivery, delivery to the person's last-known place of residence or place of business, or a properly directed electronic message.

B. Notice otherwise required under this act or a document otherwise required to be sent under this act need not be provided to a person whose identity or location is unknown to and not reasonable ascertainable by the trustee.

C. Notice under this act or the sending of a document under this act may be waived by the person to be notified or sent the document.

D. Notice of a judicial proceeding must be given as provided in the applicable rules of civil procedure.

SECTION 283. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1106 of Title 60, unless there is created a duplication in numbering, reads as follows:

A. The court may intervene in the administration of a trust to the extent its jurisdiction is invoked by an interested person or as provided by law.

B. A trust is not subject to continuing judicial supervision unless ordered by the court.

C. A judicial proceeding involving a trust may relate to any matter involving the trust's administration, including a request for instructions and an action to declare rights.

SECTION 284. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1107 of Title 60, unless there is created a duplication in numbering, reads as follows:

A. By accepting the trusteeship of a trust having its principal place of administration in this state or by moving the principal place of administration to this state, the trustee submits personally to the jurisdiction of the courts of this state regarding any matter involving the trust.

B. With respect to their interests in the trust, the beneficiaries of a trust having its principal place of administration in this state are subject to the jurisdiction of the courts of this state regarding any matter involving the trust. By accepting a distribution from such a trust, the recipient submits



personally to the jurisdiction of the courts of this state regarding any matter involving the trust.

C. This section does not preclude other methods of obtaining jurisdiction over a trustee, beneficiary, or other person receiving property from the trust.

SECTION 285. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1108 of Title 60, unless there is created a duplication in numbering, reads as follows:

The district court has exclusive jurisdiction of proceedings in this state brought by a trustee or beneficiary concerning the administration of a trust.

SECTION 286. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1109 of Title 60, unless there is created a duplication in numbering, reads as follows:

A. Except as otherwise provided in subsection B of this section, venue for a judicial proceeding involving a trust is in the county of this state in which the trust's principal place of administration is or will be located and, if the trust is created by will and the estate is not yet closed, in the county in which the decedent's estate is being administered.

B. If a trust has no trustee, venue for a judicial proceeding for the appointment of a trustee is in a county of this state in which a beneficiary resides, in a county in which any trust property is located, and if the trust is created by will, in the county in which the decedent's estate was or is being administered.

SECTION 287. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2200.1 of Title 63, unless there is created a duplication in numbering, reads as follows:

Sections 287 through 314 of this act shall be known and may be cited as the "Oklahoma Uniform Anatomical Gift Act".

SECTION 288. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2200.2 of Title 63, unless there is created a duplication in numbering, reads as follows:

As used in the Oklahoma Uniform Anatomical Gift Act:

1. "Adult" means an individual who is at least eighteen (18) years of age;
2. "Agent" means an individual:
  - a. authorized to make health care decisions on the principal's behalf by a power of attorney for health care, or
  - b. expressly authorized to make an anatomical gift on the principal's behalf by any other record signed by the principal;
3. "Anatomical gift" means a donation of all or part of a human body to take effect after the donor's death for the purpose of transplantation, therapy, research, or education;
4. "Decedent" means a deceased individual whose body or part is or may be the source of an anatomical gift and includes a stillborn infant and, subject to restrictions imposed by any other provisions of law, a fetus;
5. "Disinterested witness" means a witness other than the spouse, child, parent, sibling, grandchild, grandparent, or guardian of the individual who makes, amends, revokes, or refuses to make an anatomical gift, or another adult who exhibited special care and concern for the individual and does not include a person to whom an anatomical gift could pass under Section 297 of this act;
6. "Document of gift" means a donor card or other record used to make an anatomical gift, including a statement or symbol on a driver license, identification card, or donor registry;
7. "Donor" means an individual whose body or part is the subject of an anatomical gift;
8. "Donor registry" means a database that contains records of anatomical gifts and amendments to or revocations of anatomical gifts;

9. "Driver license" means a license or permit issued by the Department of Public Safety to operate a vehicle, whether or not conditions are attached to the license or permit;

10. "Eye bank" means a person that is licensed, accredited, or regulated under federal or state law to engage in the recovery, screening, testing, processing, storage, or distribution of human eyes or portions of human eyes;

11. "Guardian" means a person appointed by a court to make decisions regarding the support, care, education, health, or welfare of an individual and does not include a guardian ad litem;

12. "Hospital" means a facility licensed as a hospital under the law of any state or a facility operated as a hospital by the United States, a state, or a subdivision of a state;

13. "Identification card" means an identification card issued by the Department of Public Safety;

14. "Know" means to have actual knowledge;

15. "Minor" means an individual who is under eighteen (18) years of age;

16. "Organ procurement organization" means a person designated by the Secretary of the United States Department of Health and Human Services as an organ procurement organization;

17. "Parent" means a parent whose parental rights have not been terminated;

18. "Part" means an organ, an eye, or tissue of a human being and does not include the whole body;

19. "Person" means an individual, corporation, business trust, estate, trust, partnership, limited liability company, association, joint venture, public corporation, government or governmental subdivision, agency, or instrumentality, or any other legal or commercial entity;

20. "Physician" means an individual authorized to practice medicine or osteopathy under the law of any state;

21. "Procurement organization" means an eye bank, organ procurement organization, or tissue bank;

22. "Prospective donor" means an individual who is dead or near death and who has been determined by a procurement organization to have a part that could be medically suitable for transplantation, therapy, research, or education and does not include an individual who has made a refusal;

23. "Reasonably available" means able to be contacted by a procurement organization without undue effort and willing and able to act in a timely manner consistent with existing medical criteria necessary for the making of an anatomical gift;

24. "Recipient" means an individual into whose body a decedent's part has been or is intended to be transplanted;

25. "Record" means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form;

26. "Refusal" means a record created under Section 293 of this act that expressly states an intent to bar other persons from making an anatomical gift of an individual's body or part;

27. "Sign" means, with the present intent to authenticate or adopt a record, to:

- a. execute or adopt a tangible symbol, or
- b. attach to or logically associate with the record an electronic symbol, sound, or process;

28. "State" means a state of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of the United States;

29. "Technician" means an individual determined to be qualified to remove or process parts by an appropriate organization that is licensed, accredited, or regulated under federal or state law, including an enucleator;

30. "Tissue" means a portion of the human body other than an organ or an eye and does not include blood unless the blood is donated for the purpose of research or education;

31. "Tissue bank" means a person that is licensed, accredited, or regulated under federal or state law to engage in the recovery, screening, testing, processing, storage, or distribution of tissue; and

32. "Transplant hospital" means a hospital that furnishes organ transplants and other medical and surgical specialty services required for the care of transplant patients.

SECTION 289. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2200.3 of Title 63, unless there is created a duplication in numbering, reads as follows:

This act applies to an anatomical gift or amendment to, revocation of, or refusal to make an anatomical gift, whenever made.

SECTION 290. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2200.4 of Title 63, unless there is created a duplication in numbering, reads as follows:

Subject to Section 29 of this act, an anatomical gift of a donor's body or part may be made during the life of the donor for the purpose of transplantation, therapy, research, or education in the manner provided in Section 291 of this act by:

1. The donor, if the donor is an adult or if the donor is a minor and is:

- a. emancipated, or
- b. authorized under state law to apply for a driver license because the donor is at least sixteen (16) years of age;

2. An agent of the donor, unless the power of attorney for health care or other record prohibits the agent from making an anatomical gift;

3. A parent of the donor, if the donor is an unemancipated minor; or

4. The donor's guardian.

SECTION 291. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2200.5 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. A donor may make an anatomical gift:

1. By authorizing a statement or symbol indicating that the donor has made an anatomical gift to be imprinted on the donor's driver license or identification card;

2. In a will;

3. During a terminal illness or injury of the donor, by any form of communication addressed to at least two adults, at least one of whom is a disinterested witness; or

4. As provided in subsection B of this section.

B. A donor or other person authorized to make an anatomical gift under Section 290 of this act may make a gift by a donor card or other record signed by the donor or other person making the gift or by authorizing that a statement or symbol indicating that the donor has made an anatomical gift be included on a donor registry. If the donor or other person is physically unable to sign a record, the record may be signed by another individual at the direction of the donor or other person and must:

1. Be witnessed by at least two adults, at least one of whom is a disinterested witness, who have signed at the request of the donor or the other person; and

2. State that it has been signed and witnessed as provided in paragraph 1 of this subsection.

C. Revocation, suspension, expiration, or cancellation of a driver license or identification card upon which an anatomical gift is indicated does not invalidate the gift.

D. An anatomical gift made by will takes effect upon the donor's death whether or not the will is probated. Invalidation of the will after the donor's death does not invalidate the gift.

SECTION 292. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2200.6 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. Subject to Section 294 of this act, a donor or other person authorized to make an anatomical gift under Section 290 of this act may amend or revoke an anatomical gift by:

1. A record signed by:

a. the donor,

b. the other person, or

c. subject to subsection B, another individual acting at the direction of the donor or the other person if the donor or other person is physically unable to sign; or

2. A later-executed document of gift that amends or revokes a previous anatomical gift or portion of an anatomical gift, either expressly or by inconsistency.

B. A record signed pursuant to subparagraph c of paragraph 1 of subsection A of this section must:

1. Be witnessed by at least two adults, at least one of whom is a disinterested witness, who have signed at the request of the donor or the other person; and

2. State that it has been signed and witnessed as provided in paragraph 1 of this subsection.

C. Subject to Section 294 of this act, a donor or other person authorized to make an anatomical gift under Section 290 of this act may revoke an anatomical gift by the destruction or cancellation of the document of gift, or the portion of the document of gift used to make the gift, with the intent to revoke the gift.

D. A donor may amend or revoke an anatomical gift that was not made in a will by any form of communication during a terminal illness or injury addressed to at least two adults, at least one of whom is a disinterested witness.

E. A donor who makes an anatomical gift in a will may amend or revoke the gift in the manner provided for amendment or revocation of wills or as provided in subsection A of this section.

SECTION 293. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2200.7 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. An individual may refuse to make an anatomical gift of the individual's body or part by:

1. A record signed by:

a. the individual, or

b. subject to subsection B of this section, another individual acting at the direction of the individual if the individual is physically unable to sign;

2. The individual's will, whether or not the will is admitted to probate or invalidated after the individual's death; or

3. Any form of communication made by the individual during the individual's terminal illness or injury addressed to at least two adults, at least one of whom is a disinterested witness.

B. A record signed pursuant to subparagraph b of paragraph 1 of subsection A of this section must:



1. Be witnessed by at least two adults, at least one of whom is a disinterested witness, who have signed at the request of the individual; and

2. State that it has been signed and witnessed as provided in paragraph 1 of this subsection.

C. An individual who has made a refusal may amend or revoke the refusal:

1. In the manner provided in subsection A of this section for making a refusal;

2. By subsequently making an anatomical gift pursuant to Section 291 of this act that is inconsistent with the refusal; or

3. By destroying or canceling the record evidencing the refusal, or the portion of the record used to make the refusal, with the intent to revoke the refusal.

D. Except as otherwise provided in subsection H of Section 294 of this act, in the absence of an express, contrary indication by the individual set forth in the refusal, an individual's unrevoked refusal to make an anatomical gift of the individual's body or part bars all other persons from making an anatomical gift of the individual's body or part.

SECTION 294. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2200.8 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. Except as otherwise provided in subsection G of this section and subject to subsection F of this section, in the absence of an express, contrary indication by the donor, a person other than the donor is barred from making, amending, or revoking an anatomical gift of a donor's body or part if the donor made an anatomical gift of the donor's body or part under Section 291 of this act or an amendment to an anatomical gift of the donor's body or part under Section 292 of this act.

B. A donor's revocation of an anatomical gift of the donor's body or part under Section 292 of this act is not a refusal and does

not bar another person specified in Section 290 or 295 of this act from making an anatomical gift of the donor's body or part under Section 291 or 296 of this act.

C. If a person other than the donor makes an unrevoked anatomical gift of the donor's body or part under Section 291 of this act or an amendment to an anatomical gift of the donor's body or part under Section 292 of this act, another person may not make, amend, or revoke the gift of the donor's body or part under Section 296 of this act.

D. A revocation of an anatomical gift of a donor's body or part under Section 292 of this act by a person other than the donor does not bar another person from making an anatomical gift of the body or part under Section 291 or 296 of this act.

E. In the absence of an express, contrary indication by the donor or other person authorized to make an anatomical gift under Section 290 of this act, an anatomical gift of a part is neither a refusal to give another part nor a limitation on the making of an anatomical gift of another part at a later time by the donor or another person.

F. In the absence of an express, contrary indication by the donor or other person authorized to make an anatomical gift under Section 290 of this act, an anatomical gift of a part for one or more of the purposes set forth in Section 290 of this act is not a limitation on the making of an anatomical gift of the part for any of the other purposes by the donor or any other person under Section 291 or 296 of this act.

G. If a donor who is an unemancipated minor dies, a parent of the donor who is reasonably available may revoke or amend an anatomical gift of the donor's body or part.

H. If an unemancipated minor who signed a refusal dies, a parent of the minor who is reasonably available may revoke the minor's refusal.

SECTION 295. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2200.9 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. Subject to subsections B and C of this section and unless barred by Section 293 or 294 of this act, an anatomical gift of a decedent's body or part for purpose of transplantation, therapy, research, or education may be made by any member of the following classes of persons who is reasonably available, in the order of priority listed:

1. An agent of the decedent at the time of death who could have made an anatomical gift under paragraph 2 of Section 290 of this act immediately before the decedent's death;
2. The spouse of the decedent;
3. Adult children of the decedent;
4. Parents of the decedent;
5. Adult siblings of the decedent;
6. Adult grandchildren of the decedent;
7. Grandparents of the decedent;
8. An adult who exhibited special care and concern for the decedent;
9. The persons who were acting as the guardians of the person of the decedent at the time of death; and
10. Any other person having the authority to dispose of the decedent's body.

B. If there is more than one member of a class listed in paragraph 1, 3, 4, 5, 6, 7 or 9 of subsection A of this section entitled to make an anatomical gift, an anatomical gift may be made by a member of the class unless that member or a person to whom the gift may pass under Section 297 of this act knows of an objection by another member of the class. If an objection is known, the gift may be made only by a majority of the members of the class who are reasonably available.

C. A person may not make an anatomical gift if, at the time of the decedent's death, a person in a prior class under subsection A of this section is reasonably available to make or to object to the making of an anatomical gift.

SECTION 296. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2200.10 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. A person authorized to make an anatomical gift under Section 295 of this act may make an anatomical gift by a document of gift signed by the person making the gift or by that person's oral communication that is electronically recorded or is contemporaneously reduced to a record and signed by the individual receiving the oral communication.

B. Subject to subsection C of this section, an anatomical gift by a person authorized under Section 295 of this act may be amended or revoked orally or in a record by any member of a prior class who is reasonably available. If more than one member of the prior class is reasonably available, the gift made by a person authorized under Section 295 of this act may be:

1. Amended only if a majority of the reasonably available members agree to amending the gift; or

2. Revoked only if a majority of the members agree to the revoking of the gift or if they are equally divided as to whether to revoke the gift.

C. A revocation under subsection B of this section is effective only if, before an incision has been made to remove a part from the donor's body or before invasive procedures have begun to prepare the recipient, the procurement organization, transplant hospital, or physician or technician knows of the revocation.

SECTION 297. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2200.11 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. An anatomical gift may be made to the following persons named in the document of gift:

1. A hospital; accredited medical school, dental school, college, or university; organ procurement organization; or other appropriate person, for research or education;

2. Subject to subsection B of this section, an individual designated by the person making the anatomical gift if the individual is the recipient of the part; or

3. An eye bank or tissue bank.

B. If an anatomical gift to an individual under paragraph 2 of subsection A of this section cannot be transplanted into the individual, the part passes in accordance with subsection G of this section in the absence of an express, contrary indication by the person making the anatomical gift.

C. If an anatomical gift of one or more specific parts or of all parts is made in a document of gift that does not name a person described in subsection A of this section but identifies the purpose for which an anatomical gift may be used, the following rules apply:

1. If the part is an eye and the gift is for the purpose of transplantation or therapy, the gift passes to the appropriate eye bank;

2. If the part is tissue and the gift is for the purpose of transplantation or therapy, the gift passes to the appropriate tissue bank;

3. If the part is an organ and the gift is for the purpose of transplantation or therapy, the gift passes to the appropriate organ procurement organization as custodian of the organ; and

4. If the part is an organ, an eye, or tissue and the gift is for the purpose of research or education, the gift passes to the appropriate procurement organization.

D. For the purpose of subsection C of this section, if there is more than one purpose of an anatomical gift set forth in the document of gift but the purposes are not set forth in any priority, the gift must be used for transplantation or therapy, if suitable.

If the gift cannot be used for transplantation or therapy, the gift may be used for research or education.

E. If an anatomical gift of one or more specific parts is made in a document of gift that does not name a person described in subsection A of this section and does not identify the purpose of the gift, the gift may be used only for transplantation or therapy, and the gift passes in accordance with subsection G of this section.

F. If a document of gift specifies only a general intent to make an anatomical gift by words such as "donor", "organ donor", or "body donor", or by a symbol or statement of similar import, the gift may be used for transplantation, research, or therapy, and the gift passes in accordance with subsection G of this section.

G. For purposes of subsections B, E and F of this section, the following rules apply:

1. If the part is an eye, the gift passes to the appropriate eye bank;

2. If the part is tissue, the gift passes to the appropriate tissue bank; and

3. If the part is an organ, the gift passes to the appropriate organ procurement organization as custodian of the organ.

H. An anatomical gift of an organ for transplantation or therapy, other than an anatomical gift under paragraph 2 of subsection A of this section, passes to the organ procurement organization as custodian of the organ.

I. If an anatomical gift does not pass pursuant to subsections A through H of this section or the decedent's body or part is not used for transplantation, therapy, research, or education, custody of the body or part passes to the person under obligation to dispose of the body or part.

J. A person may not accept an anatomical gift if the person knows that the gift was not effectively made under Section 291 or 286 of this act or if the person knows that the decedent made a refusal under Section 293 of this act that was not revoked. For

purposes of this subsection, if a person knows that an anatomical gift was made on a document of gift, the person is deemed to know of any amendment or revocation of the gift or any refusal to make an anatomical gift on the same document of gift.

K. Except as otherwise provided in paragraph 2 of subsection A of this section, nothing in this act affects the allocation of organs for transplantation or therapy.

SECTION 298. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2200.12 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. The following persons shall make a reasonable search of an individual who the person reasonably believes is dead or near death for a document of gift or other information identifying the individual as a donor or as an individual who made a refusal:

1. A law enforcement officer, firefighter, paramedic, or other emergency rescuer finding the individual; and

2. If no other source of the information is immediately available, a hospital, as soon as practical after the individual's arrival at the hospital.

B. If a document of gift or a refusal to make an anatomical gift is located by the search required by paragraph 1 of subsection A of this section and the individual or deceased individual to whom it relates is taken to a hospital, the person responsible for conducting the search shall send the document of gift or refusal to the hospital.

C. A person is not subject to criminal or civil liability for failing to discharge the duties imposed by this section but may be subject to administrative sanctions.

SECTION 299. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2200.13 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. A document of gift need not be delivered during the donor's lifetime to be effective.

B. Upon or after an individual's death, a person in possession of a document of gift or a refusal to make an anatomical gift with respect to the individual shall allow examination and copying of the document of gift or refusal by a person authorized to make or object to the making of an anatomical gift with respect to the individual or by a person to which the gift could pass under Section 297 of this act.

SECTION 300. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2200.14 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. When a hospital refers an individual at or near death to a procurement organization, the organization shall make a reasonable search of the records of the Department of Public Safety and any donor registry that it knows exists for the geographical area in which the individual resides to ascertain whether the individual has made an anatomical gift.

B. A procurement organization must be allowed reasonable access to information in the records of the Department of Public Safety to ascertain whether an individual at or near death is a donor.

C. When a hospital refers an individual at or near death to a procurement organization, the organization may conduct any reasonable examination necessary to ensure the medical suitability of a part that is or could be the subject of an anatomical gift for transplantation, therapy, research, or education from a donor or a prospective donor. During the examination period, measures necessary to ensure the medical suitability of the part may not be withdrawn unless the hospital or procurement organization knows that the individual expressed a contrary intent.

D. Unless prohibited by any other provisions of law, at any time after a donor's death, the person to whom a part passes under Section 297 of this act may conduct any reasonable examination necessary to ensure the medical suitability of the body or part for its intended purpose.

E. Unless prohibited by any other provisions of law, an examination under subsection C or D of this section may include an



examination of all medical and dental records of the donor or prospective donor.

F. Upon the death of a minor who was a donor or had signed a refusal, unless a procurement organization knows the minor is emancipated, the procurement organization shall conduct a reasonable search for the parents of the minor and provide the parents with an opportunity to revoke or amend the anatomical gift or revoke the refusal.

G. Upon referral by a hospital under subsection A of this section, a procurement organization shall make a reasonable search for any person listed in Section 295 of this act having priority to make an anatomical gift on behalf of a prospective donor. If a procurement organization receives information that an anatomical gift to any other person was made, amended, or revoked, it shall promptly advise the other person of all relevant information.

H. Subject to subsection I of Section 297 and Section 309 of this act, the rights of the person to which a part passes under Section 297 of this act are superior to the rights of all others with respect to the part. The person may accept or reject an anatomical gift in whole or in part. Subject to the terms of the document of gift and this act, a person that accepts an anatomical gift of an entire body may allow embalming, burial or cremation, and use of remains in a funeral service. If the gift is of a part, the person to which the part passes under Section 297 of this act, upon the death of the donor and before embalming, burial, or cremation, shall cause the part to be removed without unnecessary mutilation.

I. Neither the physician who attends the decedent at death nor the physician who determines the time of the decedent's death may participate in the procedures for removing or transplanting a part from the decedent.

J. A physician or technician may remove a donated part from the body of a donor that the physician or technician is qualified to remove.

SECTION 301. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2200.15 of Title 63, unless there is created a duplication in numbering, reads as follows:

Each hospital in this state shall enter into agreements or affiliations with procurement organizations for coordination of procurement and use of anatomical gifts.

SECTION 302. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2200.16 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. Except as otherwise provided in subsection B of this section, a person that, for valuable consideration, knowingly purchases or sells a part for transplantation or therapy if removal of a part from an individual is intended to occur after the individual's death commits a felony and upon conviction is subject to a fine of not more than Fifty Thousand Dollars (\$50,000.00) or imprisonment for not more than five (5) years, or both such fine and imprisonment.

B. A person may charge a reasonable amount for the removal, processing, preservation, quality control, storage, transportation, implantation, or disposal of a part.

SECTION 303. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2200.17 of Title 63, unless there is created a duplication in numbering, reads as follows:

A person that, in order to obtain a financial gain, intentionally falsifies, forges, conceals, defaces, or obliterates a document of gift, an amendment or revocation of a document of gift, or a refusal commits a felony and upon conviction is subject to a fine of not more than Fifty Thousand Dollars (\$50,000.00) or imprisonment for not more than five (5) years, or both such fine and imprisonment.

SECTION 304. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2200.18 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. A person who acts in accordance with this act or with the applicable anatomical gift law of another state or attempts in good faith to do so, is not liable for the act in a civil action, criminal prosecution, or administrative proceeding.

B. Neither the person making an anatomical gift nor the donor's estate is liable for any injury or damage that results from the making or use of the gift.

C. In determining whether an anatomical gift has been made, amended, or revoked under this act, a person may rely upon representations of an individual listed in paragraph 2, 3, 4, 5, 6, 7 or 8 of subsection A of Section 295 of this act relating to the individual's relationship to the donor or prospective donor unless the person knows that the representation is untrue.

SECTION 305. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2200.19 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. A document of gift is valid if executed in accordance with:

1. This act;

2. The laws of the state or country where it was executed; or

3. The laws of the state or country where the person making the anatomical gift was domiciled, has a place of residence, or was a national at the time the document of gift was executed.

B. If a document of gift is valid under this section, the law of this state governs the interpretation of the document of gift.

C. A person may presume that a document of gift or amendment of an anatomical gift is valid unless that person knows that it was not validly executed or was revoked.

SECTION 306. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2200.20 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. 1. There is hereby established within the State Department of Health, an organ, eye and tissue donor registry for the State of Oklahoma to be known as the "Life Share Donor Registry". The Department is authorized to contract with the designated organ procurement organization who shall act on behalf of the Department

by carrying out the functions of the Department in the administration of the Registry, in compliance with 18 U.S.C. Section 2721. The contract between the Department and the designated organ procurement organization shall be subject to the concurrence and approval of the Department of Public Safety.

2. The registry shall maintain and update as needed the pertinent information on all Oklahomans who have indicated a willingness to be an organ donor, eye donor or tissue donor by a designation on a driver license, a state identification card, a donor card, an online or other organ donor registry enrollment form, or any other document of gift.

3. The registry and all information therein shall be confidential and shall be subject to access only by the designated organ procurement organization and by eye banks and tissue banks licensed by the State of Oklahoma seven (7) days a week, twenty-four (24) hours per day; however, the personal information and highly restricted personal information shall only be available to the designated organ, tissue, and eye procurement organizations solely for the purpose of identifying a potential donor and only when acting on behalf of the State Department of Health as prescribed in paragraph 1 of this subsection. The placement of any personal information and highly restricted personal information on the Registry that, at the time of placement, was confidential under the Open Records Act or the Driver's Privacy Protection Act (DPPA), 18 U.S.C. Sections 2721 through 2725, shall remain confidential.

4. The purpose of the registry shall include, but not be limited to:

- a. providing a means of recovering an anatomical gift for transplantation or research, and
- b. collecting data to develop and evaluate the effectiveness of educational initiatives promoting organ, eye and tissue donation.

B. Procedures to administer the Life Share Donor Registry shall specify:

1. The information placed in the registry may include personal information and highly restricted personal information, as defined in 18 U.S.C. Section 2721, and access to such information shall conform to the Driver's Privacy Protection Act (DPPA), 18 U.S.C. Sections 2721 through 2725;

2. Authorization for the designated organ procurement organization or an eye or tissue bank, licensed by the State of Oklahoma, to analyze registry data under research protocols directed toward determination and identification of the means to promote and increase organ, eye and tissue donation within this state;

3. A process for updating information in the registry including a method whereby an individual may revoke his or her intent to be an organ, eye, or tissue donor;

4. The method for making information on the registry available to the designated organ procurement organizations and to tissue banks and eye banks licensed by the State of Oklahoma;

5. Limitations on the use of and access to the registry;

6. A toll-free telephone number, available twenty-four (24) hours a day, for use by the public to obtain information on becoming an organ, tissue or eye donor;

7. A process for establishing, implementing, maintaining, and administering an online organ, eye and tissue donor registration process and ensuring the confidentiality of information provided;

8. A process for a donor who has registered online to sign a confirmation card that will be returned to the designated organ procurement organization and made part of the registry record; and

9. Procedures for collaborating with the Department of Public Safety to transmit stored driver license data by the Department of Public Safety, in conformance with 18 U.S.C. Section 2721, to the Life Share Donor Registry maintained by the designated organ procurement organization, and to ensure the confidentiality of such information for present and potential donors. Monies credited to the Oklahoma Organ Donor Education and Awareness Program Revolving Fund created in Section 2220.3 of this title may be used for a one-

time transfer to the Department of Public Safety for the reasonable costs associated with the initial installation and setup of equipment and software for electronic transfer of donor information. All actual electronic transfers of donor information shall be at no charge to the designated organ procurement organization; however, all costs associated with the creation and maintenance of the Life Share Donor Registry shall be paid by the designated organ procurement organization.

C. Information obtained by the designated organ procurement organization shall be used for the purpose of:

1. Establishing a statewide organ, eye, and tissue donor registry that is accessible to designated organ procurement organizations and to eye banks and tissue banks, licensed by the State of Oklahoma, for the recovery, preservation, transportation, and placement of organs, eyes, and tissue; and

2. Designated organ procurement organizations in other states when an Oklahoma resident is a donor of an anatomical gift and is not located in Oklahoma at the time of death or immediately before the death of the donor.

SECTION 307. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2200.21 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. As used in this section:

1. "Advance health care directive" means a power of attorney for health care or a record signed or authorized by a prospective donor containing the prospective donor's direction concerning a health care decision for the prospective donor;

2. "Declaration" means a record signed by a prospective donor specifying the circumstances under which a life support system may be withheld or withdrawn from the prospective donor; and

3. "Health care decision" means any decision regarding the health care of the prospective donor.

B. If a prospective donor has a declaration or advance health care directive and the terms of the declaration or directive and the express or implied terms of a potential anatomical gift are in conflict with regard to the administration of measures necessary to ensure the medical suitability of a part for transplantation or therapy, the prospective donor's attending physician and prospective donor shall confer to resolve the conflict. If the prospective donor is incapable of resolving the conflict, an agent acting under the prospective donor's declaration or directive, or, if none or the agent is not reasonably available, another person authorized by law other than this act to make health-care decisions on behalf of the prospective donor, shall act for the donor to resolve the conflict. The conflict must be resolved as expeditiously as possible. Information relevant to the resolution of the conflict may be obtained from the appropriate procurement organization and any other person authorized to make an anatomical gift for the prospective donor under Section 295 of this act. Before resolution of the conflict, measures necessary to ensure the medical suitability of the part may not be withheld or withdrawn from the prospective donor if withholding or withdrawing the measures is not contraindicated by appropriate end-of-life care.

SECTION 308. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2200.22 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. A medical examiner shall cooperate with procurement organizations to maximize the opportunity to recover anatomical gifts for the purpose of transplantation, therapy, research, or education.

B. If a medical examiner receives notice from a procurement organization that an anatomical gift might be available or was made with respect to a decedent whose body is under the jurisdiction of the medical examiner and a postmortem examination is going to be performed, unless the medical examiner denies recovery in accordance with Section 309 of this act, the medical examiner or designee shall conduct a postmortem examination of the body or the part in a manner and within a period compatible with its preservation for the purposes of the gift.

C. A part may not be removed from the body of a decedent under the jurisdiction of a medical examiner for transplantation, therapy, research, or education unless the part is the subject of an anatomical gift. The body of a decedent under the jurisdiction of the medical examiner may not be delivered to a person for research or education unless the body is the subject of an anatomical gift. This subsection does not preclude a medical examiner from performing the medicolegal investigation upon the body or parts of a decedent under the jurisdiction of the medical examiner.

SECTION 309. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2200.23 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. Upon request of a procurement organization, a medical examiner shall release to the procurement organization the name, contact information, and available medical and social history of a decedent whose body is under the jurisdiction of the medical examiner. If the decedent's body or part is medically suitable for transplantation, therapy, research, or education, the medical examiner shall release postmortem examination results to the procurement organization. The procurement organization may make a subsequent disclosure of the postmortem examination results or other information received from the medical examiner only if relevant to transplantation, therapy, research or education.

B. The medical examiner may conduct a medicolegal investigation by reviewing all medical records, laboratory test results, x-rays, other diagnostic results, and other information that any person possesses about a donor or prospective donor whose body is under the jurisdiction of the medical examiner that the medical examiner determines may be relevant to the investigation.

C. A person who has any information requested by a medical examiner pursuant to subsection B of this section shall provide that information as expeditiously as possible to allow the medical examiner to conduct the medicolegal investigation within a period compatible with the preservation of parts for the purpose of transplantation, therapy, research, or education.

D. If an anatomical gift has been or might be made of a part of a decedent whose body is under the jurisdiction of the medical



examiner and a postmortem examination is not required, or the medical examiner determines that a postmortem examination is required but that the recovery of the part that is the subject of an anatomical gift will not interfere with the examination, the medical examiner and procurement organization shall cooperate in the timely removal of the part from the decedent for the purpose of transplantation, therapy, research, or education.

E. The medical examiner and procurement organizations shall enter into an agreement setting forth protocols and procedures to govern relations between the parties when an anatomical gift of a part from the decedent under the jurisdiction of the medical examiner has been or might be made, but the medical examiner believes that the recovery of the part could interfere with the postmortem investigation into the decedent's cause or manner of death. Decisions regarding the recovery of organs, tissue and eyes from such a decedent shall be made in accordance with the agreement. In the event that the medical examiner denies recovery of an anatomical gift, the procurement organization may request the Chief Medical Examiner to reconsider the denial and to permit the recovery to proceed. The parties shall evaluate the effectiveness of the protocols and procedures at regular intervals but no less frequently than every two (2) years.

F. If the medical examiner or designee allows recovery of a part under subsection D or E of this section, the procurement organization, upon request, shall cause the physician or technician who removes the part to provide the medical examiner with a record describing the condition of the part, a biopsy, a photograph, and any other information and observations that would assist in the postmortem examination.

G. If a medical examiner or designee is required to be present at a removal procedure under subsection E of this section, upon request the procurement organization requesting the recovery of the part shall reimburse the medical examiner or designee for the additional costs incurred in complying with subsection E of this section.

SECTION 310. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2200.24 of Title 63, unless there is created a duplication in numbering, reads as follows:

In applying and construing this uniform act, consideration must be given to the need to promote uniformity of the law with respect to its subject matter among states that enact it.

SECTION 311. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2200.25 of Title 63, unless there is created a duplication in numbering, reads as follows:

This act modifies, limits, and supersedes the Electronic Signatures in Global and National Commerce Act, 15 U.S.C. Section 7001 et seq., but does not modify, limit or supersede Section 101(a) of that act, 15 U.S.C. Section 7001, or authorize electronic delivery of any of the notices described in Section 103(b) of that act, 15 U.S.C. Section 7003(b).

SECTION 312. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2200.26 of Title 63, unless there is created a duplication in numbering, reads as follows:

Any references in the Oklahoma Statutes to the Uniform Anatomical Gift Act shall mean the Oklahoma Uniform Anatomical Gift Act.

SECTION 313. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2200.27 of Title 63, unless there is created a duplication in numbering, reads as follows:

Neither the Office of the Chief Medical Examiner nor any employee of the Office of the Chief Medical Examiner of this state shall receive compensation of any kind from any organ, eye or tissue recovery organization except as provided in subsection G of Section 309 of this act.

SECTION 314. AMENDATORY 63 O.S. 2001, Section 2210, is amended to read as follows:

Section 2210. A. 1. With respect to a gift of eyes as provided for in this chapter, eye bank technicians who have successfully completed a course in eye recovery in the State of Oklahoma or elsewhere and have received a certificate of competence from the Eye Bank Association of America, may recover eyes for such

gift after proper certification of death by a physician and compliance with the extent of such gift as required by the Oklahoma Uniform Anatomical Gift Act.

2. No such properly certified eye bank technician acting in accordance with the terms of this chapter shall have any liability, civil or criminal, for such eye recovery.

B. No eye bank shall operate in Oklahoma unless the eye bank:

1. Within one (1) year after beginning operation, is accredited by the Eye Bank Association of America or other nationally recognized accrediting association for eye banks;

2. Employs an eye bank technician certified by the Eye Bank Association of America or other nationally recognized accrediting or certifying association for eye banks;

3. Has as its medical director a board-certified ophthalmic surgeon licensed to practice in this state; and

4. Gives priority to the needs of patients being treated in Oklahoma.

C. Before developing a new eye bank, the person proposing to operate the eye bank shall apply to the State Commissioner of Health for a permit. The permit application shall be in such form as the Commissioner shall prescribe and shall include a demonstration of the eye bank's probable impact on existing eye banks serving the area where the new eye bank is to be located. The permit application shall be accompanied by a filing fee equal to one quarter of one percent (.25%) of the capital cost of the proposed eye bank, with a minimum fee of Five Hundred Dollars (\$500.00).

D. Upon receipt of a completed permit application, the Commissioner shall cause public notice to be published in a newspaper of general circulation in the area where the eye bank is to be located and in a newspaper of general circulation in the area where the application is available for inspection. Any person may submit written comments regarding the proposed eye bank to the Commissioner.

E. The Commissioner shall issue or deny the permit within seventy-five (75) days after publication of the notice. A permit shall expire thirty-six (36) months from the date of issue. If construction is not completed on or before the permit's expiration date, the permit shall be null and void.

F. Any issuance or denial of a permit may be appealed under Article II of the Administrative Procedures Act, Section 308a of Title 75 of the Oklahoma Statutes.

G. Each eye bank operating in this state shall report annually to the Commissioner on a form prescribed by the Commissioner. The form shall include information on the following:

1. The accreditation status of the eye bank;
2. The certification status of the eye bank technician;
3. The identity and qualifications of the medical director;
4. The numbers and geographic origins of donor corneas and whole eyes; and
5. The numbers and geographic destinations of corneas and other parts of eyes.

SECTION 315. Sections 1 through 47 of Enrolled Senate Bill No. 1043 of the 2nd Session of the 51st Oklahoma Legislature shall become effective January 1, 2010.

SECTION 316. REPEALER 12A O.S. 2001, Section 2-208, is hereby repealed.

SECTION 317. REPEALER 54 O.S. 2001, Sections 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 174, 177, 178, 181, 301, 302, 303, 304, 305, 305.1, 306, 307, 308, 309, 310, 310.1, 310.2, as amended by Section 61, Chapter 255, O.S.L. 2004, 310.3, as amended by Section 62, Chapter 255, O.S.L. 2004, 311, 311.1, as amended by Section 2, Chapter 22, O.S.L. 2006, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336,

337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 350.1, 351, 352, 353, 353.1, 353.2, 353.3, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364 and 365 (54 O.S. Supp. 2007, Sections 310.2, 310.3 and 311.1), are hereby repealed.

SECTION 318. REPEALER 63 O.S. 2001, Sections 2201, 2202, as amended by Section 2, Chapter 395, O.S.L. 2004, 2203, as amended by Section 1, Chapter 176, O.S.L. 2003, 2204, 2205, 2206, 2207, 2208, 2209, 2210.1, 2212, 2213, 2214, as amended by Section 2, Chapter 176, O.S.L. 2003, 2215, 2216, 2217, 2218 and Section 3, Chapter 176, O.S.L. 2003, as amended by Section 5, Chapter 395, O.S.L. 2004 (63 O.S. Supp. 2007, Sections 2202, 2203, 2214 and 2220.10), are hereby repealed.

SECTION 319. Sections 2 through 19, Sections 278 through 312, Sections 314, 317 and 318 of this act shall become effective November 1, 2008.

SECTION 320. Sections 21 through 277 and Section 317 of this act shall become effective January 1, 2010.

SECTION 321. Section 313 of this act shall become effective November 1, 2009.

Passed the Senate the 22nd day of May, 2008.

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Presiding Officer of the Senate

Passed the House of Representatives the 23rd day of May, 2008.

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Presiding Officer of the House  
of Representatives