STATE OF OKLAHOMA

1st Session of the 52nd Legislature (2009)

SENATE BILL 1131 By: Anderson

AS INTRODUCED

An Act relating to cooperatives; 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; repealing Section 170, Chapter 382, O.S.L. 2008; repealing Sections 21 through 169, Chapter 382, O.S.L. 2008 (18 O.S. Supp. 2008, Sections 440-101 through 440-1704), which relate to the Uniform Limited Cooperative Association Act; providing for codification; and providing an effective date.

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

ARTICLE 1

GENERAL PROVISIONS

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

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

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-102A 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 30 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 97 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 17 of this act.

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

(9) "Distribution", except as used in subsection (e) of Section 96 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 this act but does not include rights or obligations under a marketing contract governed by Article 7 of this 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 57 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 14 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 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-103A 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 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-104A 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 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-105A 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 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 6. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-106A 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 7. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-107A 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 8. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-108A 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 9. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-109A 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 10. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-110A 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 11. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-111A 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 12 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 12. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-112A 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 11 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 11 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 13. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-113A 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 5 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 31 of this act;

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

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

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

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

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

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

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

(10) Subject to Section 85 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 83 of this act;

(11) Provide for permitting or making obligatory indemnification under subsection (a) of Section 89 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 14 or provided to members under subsection (k) of Section 44 of this act;

(2) Provide restrictions on transactions between a member and an association under Section 15 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 36 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 37 of this act;

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

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

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

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

(9) Increase quorum requirements for members meetings under Section 49 of this act and board of directors meetings under Section 80 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 50 through 56 of this act;

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

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

(13) Provide for qualification, election, terms, removal, filling vacancies, and member approval for compensation of directors

in accordance with Sections 68 through 70, 72, 74, and 75 of this act;

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

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

(16) Increase the percentage of votes necessary for board action under subsection (b) of Section 81 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 82 of this act;

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

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

(20) Provide for remedies for failure to make a contribution under subsection (b) of Section 92 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 93 through 96 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 99 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 101 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 106 of this act;

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

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

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

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

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

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

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

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

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

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

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

SECTION 14. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-114A 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 15. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-115A 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 83 and 84 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 16. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-116A 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 17. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-117A 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 125 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 18. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-118A 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 27 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 24 of this act, a statement of change is effective when filed by the Secretary of State.

SECTION 19. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-119A 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 20. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-120A 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 21. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-201A 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 30 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 107 of this act or a person appointed under Section 107 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 22. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-202A 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 23. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-203A 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 18 and 24 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 18 and 24 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 24. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-204A 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 25. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-205A 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 26. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-206A 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 27. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-207A 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 126 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 112 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 28. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-208A 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 29. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-301A 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 30. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-302A 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 13 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 23 of this act.

(d) If articles of organization filed by the Secretary of 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 31. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-303A 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 32. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-304A 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 13 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 this 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 33. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-401A 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 32 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 34. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-402A 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 33 of this act and subsection (f) of Section 37 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 35. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-403A 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 36. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-404A 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 37 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 37 and 53 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 37. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-405A of Title 18, unless there is created a duplication in numbering, reads as follows:

APPROVAL OF AMENDMENT.

(a) Subject to Section 36 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 34 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 36 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 34 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 39 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 38. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-406A 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 37 of this act. Upon filing, restated articles supersede the existing articles and all amendments.

SECTION 39. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-407A 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 this 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 23 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 23 of this act.

ARTICLE 5

MEMBERS

SECTION 40. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-501A 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 41. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-502A 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 this act; or

(3) With the consent of all the members.

SECTION 42. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-503A 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 43. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-504A 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 44. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-505A 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 14 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 14 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 14 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 14 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 45. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-506A 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 46. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-507A 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 47. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-508A 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 46 of this act or as voted upon by the board of directors under paragraph (2) of subsection (a) of Section 46 of this act.

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

SECTION 48. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-509A 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 49. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-510A 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 50. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-511A 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 51 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 51 of this act.

SECTION 51. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-512A 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 52. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-513A 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 53. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-514A 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 this 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 54. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-515A 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 55. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-516A 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 56. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-517A 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 57. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-601A 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 58. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-602A 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 59. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-603A 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 60. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-604A 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 61. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-605A 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 59 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 62. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-701A 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 63. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-702A 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 64. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-703A 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 65. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-704A 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 66. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-801A 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 67. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-802A 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 68. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-803A 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 69. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-804A 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 31, 55, 56 and 74 of this act, member directors must be elected at an annual members meeting.

SECTION 70. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-805A 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 31 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 71. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-806A 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 72. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-807A 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 47 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 73. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-808A 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 74. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-809A 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 75. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-810A 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 82 of this act.

SECTION 76. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-811A 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 77. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-812A 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 78. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-813A 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 79. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 840-814A 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 78 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 80. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-815A 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 79 of this act does not count toward a quorum.

SECTION 81. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-816A 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 82. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-817A 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 83. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-818A 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 85 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 84. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-819A 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 85. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-820A 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 86. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-821A 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 82 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 87. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 840-822A 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 14 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 88. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-823A 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 89. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-901A 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 90. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1001A 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 91. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1002A 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 92. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1003A 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 93. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1004A 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 94. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1005A 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 96 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 95. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1006A 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 96 of this act.

SECTION 96. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1007A 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 97. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1008A 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 96 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 83 or 84 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 96 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 98. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1009A 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 99. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1101A 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 61 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 this act the member ceases to be a member.

SECTION 100. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1102A 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 101 of this act, the person has no further rights as a member; and

(2) Subject to Section 101 of this act and Article 16 of this 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 101. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1103A 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 44 of this act.

ARTICLE 12

DISSOLUTION

SECTION 102. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1201A 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 103. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1202A of Title 18, unless there is created a duplication in numbering, reads as follows:

NONJUDICIAL DISSOLUTION. Except as otherwise provided in Sections 104 and 112 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 105 or 106 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 104. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1203A 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 105. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1204A 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 106. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1205A 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 105 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 47 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 107. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1206A 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 108. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1207A 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 109. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1208A 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 110. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1209A 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 109 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 111. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1210A 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 110 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 112. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1211A 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 113. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1212A 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 11 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 114. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1213A 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 115. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1214A 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 116. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1215A 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 117. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1301A 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 118. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1302A 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 119. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1303A 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 117 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 120. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1304A 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 121. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1305A 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 122. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1401A 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 123. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1402A 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 11 of this act, an alternative name adopted pursuant to Section 126 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 124. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1403A 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 125. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1404A 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 126. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1405A 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 11 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 11 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

11 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 127. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1406A 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 128. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1407A 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 23 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 129. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1408A 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 130. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1501A 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 131 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 131. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1502A 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 130 of this act, requires approval of the association's members under Sections 132 and 133 of this act if the disposition leaves the association without significant continuing business activity.

SECTION 132. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1503A 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 131 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 133. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1504A 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 131 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 132 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 36 of this act apply to approval of a disposition of assets under this article.

ARTICLE 16

CONVERSION AND MERGER

SECTION 134. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1601A 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 135 through 138 of this act.

(4) “Converting entity” means an entity that converts into another entity pursuant to 135 through 138 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 135. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1602A 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 136 through 138 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 136. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1603A 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 36 of this act apply to approval of a conversion under this article.

SECTION 137. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1604A 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 20 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 30 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 23 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 138. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1605A 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 this 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 20 of this act.

SECTION 139. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1606A 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 140. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1607A 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 141. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1608A 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 140 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) 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 142 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 36 of this act apply to approval of a merger under this article.

SECTION 142. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1609A 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 20 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 23 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 143. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1610A 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 this 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 20 of this act.

SECTION 144. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1611A 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 145. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1612A 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 146. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1701A 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 147. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1702A 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 148. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1703A 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, 2009.

SECTION 149. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1704A 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 150. 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 ~~under this act~~ 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 ~~act~~ 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.

SECTION 151. REPEALER Section 170, Chapter 382, O.S.L. 2008 is hereby repealed.

SECTION 152. REPEALER Sections 21 through 169, Chapter 382, O.S.L. 2008 (18 O.S. Supp. 2008, Sections 440-101 through 440-1704), are hereby repealed.

SECTION 153. This act shall become effective November 1, 2009.

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