

CHAPTER 117

CORPORATIONS AND ASSOCIATIONS

SENATE BILL 96-039

BY SENATORS Ament, Norton, Schaffer, Bishop, Dennis, Matsunaka, and Perlmutter;
also REPRESENTATIVES Entz, Owen, Acquafresca, Chlouber, George, Mace, Martin, and Musgrave.

AN ACT

**CONCERNING EXPANSION OF REGULATION OF AGRICULTURAL COOPERATIVES TO INCLUDE
COOPERATIVE ORGANIZATIONS OF ALL FORMS THAT ELECT TO BE SO REGULATED.**

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. Article 56 of title 7, Colorado Revised Statutes, 1986 Repl. Vol., as amended, is **REPEALED AND REENACTED, WITH AMENDMENTS**, to read:

ARTICLE 56
Cooperatives**PART 1**
GENERAL PROVISIONS

7-56-101. Short title. THIS ARTICLE SHALL BE KNOWN AND MAY BE CITED AS THE "COLORADO COOPERATIVE ACT".

7-56-102. Legislative declaration. (1) THE GENERAL ASSEMBLY FINDS AND DECLARES THAT:

(a) THE COOPERATIVE FORM OF DOING BUSINESS PROVIDES AN EFFICIENT AND EFFECTIVE METHOD FOR PERSONS TO MARKET THEIR GOODS AND SERVICES AND TO OBTAIN SERVICES AND SUPPLIES, AND IT IS IN THE BEST INTERESTS OF THE PEOPLE OF THE STATE OF COLORADO TO PROMOTE, FOSTER, AND ENCOURAGE THE UTILIZATION OF COOPERATIVES IN APPROPRIATE INSTANCES.

(b) THE COOPERATIVE MARKETING LAW OF THE STATE OF COLORADO HAS PROVIDED FOR THE PROMOTION, FOSTERING, AND ENCOURAGEMENT OF THE INTELLIGENT AND ORDERLY MARKETING OF AGRICULTURAL PRODUCTS THROUGH

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.

COOPERATION; HAS ELIMINATED SPECULATION AND WASTE; HAS MADE DISTRIBUTION OF AGRICULTURAL PRODUCTS BETWEEN PRODUCER AND CONSUMER MORE EFFICIENT; HAS STABILIZED THE MARKETING OF AGRICULTURAL PRODUCTS; AND HAS PROVIDED FOR THE ORGANIZATION AND INCORPORATION OF COOPERATIVE MARKETING ASSOCIATIONS FOR THE MARKETING OF SUCH PRODUCTS, ALL AS CONTEMPLATED AT THE TIME OF THE ORIGINAL ADOPTION OF THE COOPERATIVE MARKETING LAW.

(c) IT IS IN THE BEST INTERESTS OF THE PEOPLE OF THE STATE OF COLORADO TO PRESERVE THE PROVISIONS OF THE COOPERATIVE MARKETING LAW AS IT HAS BEEN IN FORCE AND INTERPRETED IN THE STATE AND TO CONTINUE THE PROVISIONS THEREOF FOR AGRICULTURE, BUT ALSO TO EXPAND THE PROVISIONS OF THE LAW TO PROVIDE GREATER DIRECTION AND FLEXIBILITY IN ITS PROVISIONS AND TO ENABLE ALL TYPES OF INDUSTRIES AND ENTERPRISES TO AVAIL THEMSELVES OF THE BENEFITS OF THE COOPERATIVE FORM OF DOING BUSINESS IN ACCORDANCE WITH THE PROVISIONS OF THIS ARTICLE.

(d) IT IS IN THE BEST INTERESTS OF THE PEOPLE OF THE STATE OF COLORADO TO ALLOW THOSE COOPERATIVES THAT HAVE BEEN ORGANIZED UNDER OR ARE SUBJECT TO OTHER ARTICLES OF THIS TITLE, SUCH AS ARTICLE 55, TO REMAIN UNDER SAID ARTICLE OR TO ELECT TO COME UNDER THIS ARTICLE.

7-56-103. Definitions. AS USED IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

(1) "AGRICULTURAL COOPERATIVE" MEANS A COOPERATIVE IN WHICH THE MEMBERS, INCLUDING LANDLORDS AND TENANTS, ARE ALL PRODUCERS OF AGRICULTURAL PRODUCTS.

(2) "AGRICULTURAL PRODUCTS" MEANS AGRONOMIC, HORTICULTURAL, VITICULTURAL, AQUACULTURAL, FORESTRY, DAIRY, LIVESTOCK, POULTRY, BEE, AND ANY OTHER FARM OR RANCH PRODUCTS.

(3) "ARTICLES" MEANS THE ARTICLES OF INCORPORATION OF A COOPERATIVE AND INCLUDES AMENDED ARTICLES OF INCORPORATION, RESTATED ARTICLES OF INCORPORATION, AND OTHER ORGANIZATIONAL DOCUMENTS OF OTHER ENTITIES.

(4) "BOARD" OR "BOARD OF DIRECTORS" MEANS THE BOARD OF DIRECTORS OR OTHER GOVERNING BODY OF A COOPERATIVE OR OTHER ENTITY.

(5) "BYLAWS" MEANS THE BYLAWS ADOPTED BY A COOPERATIVE AND INCLUDES AMENDED BYLAWS AND RESTATED BYLAWS.

(6) "COOPERATIVE" MEANS ANY ENTITY ORGANIZED UNDER OR SUBJECT TO THIS ARTICLE BY ELECTION OR OTHERWISE, INCLUDING A COOPERATIVE ORGANIZED UNDER COMPARABLE LAWS OF ANOTHER STATE OR ANOTHER COUNTRY DOING BUSINESS IN THIS STATE, AND HAVING THE FOLLOWING CHARACTERISTICS:

(a) THE BUSINESS OF THE COOPERATIVE IS OPERATED AT COST BY ADJUSTING THE PRICES CHARGED FOR GOODS OR SERVICES OR BY RETURNING ANY NET MARGINS AT THE END OF A FISCAL YEAR ON A PATRONAGE BASIS TO MEMBERS AND OTHER PERSONS QUALIFIED TO SHARE IN THE NET MARGINS PURSUANT TO THE ARTICLES OR BYLAWS;

(b) DIVIDENDS ON STOCK OR INTEREST ON EQUITY CAPITAL IS LIMITED, AS PRESCRIBED IN THE ARTICLES PURSUANT TO SECTION 7-56-201 OR BYLAWS PURSUANT TO SECTION 7-56-208 OF THE COOPERATIVE;

(c) VOTING RIGHTS ARE LIMITED TO MEMBERS OF THE COOPERATIVE AS PRESCRIBED IN THE ARTICLES OR BYLAWS OF THE COOPERATIVE;

(d) THE COOPERATIVE'S BUSINESS IS CARRIED ON FOR THE MUTUAL BENEFIT OF ITS MEMBERS; AND

(e) MEMBERS ARE NOT LIABLE FOR ANY DEBT, OBLIGATION, OR LIABILITY OF THE COOPERATIVE.

(7) "DELIVER" INCLUDES MAILING; EXCEPT THAT DELIVERY TO THE SECRETARY OF STATE MEANS ACTUAL RECEIPT BY THE SECRETARY OF STATE.

(8) "DOMESTIC", WHEN REFERRING TO A COOPERATIVE OR OTHER ENTITY, MEANS AN ENTITY ORGANIZED UNDER THE LAWS OF THIS STATE.

(9) "EQUITY CAPITAL" MEANS ALL INVESTMENTS IN THE COOPERATIVE EXCEPT LOANS OR OTHER TYPES OF INDEBTEDNESS, WHETHER MADE BY DIRECT INVESTMENT, SUCH AS INVESTMENT IN STOCK OR MEMBERSHIPS, OR BY RETENTION OF AMOUNTS OF NET SAVINGS, NET MARGINS, OR NET PROFITS ALLOCATED TO MEMBERS AND OTHER PATRONS OF THE COOPERATIVE, OR CHARGED TO THEM AS PART OF THE TRANSACTIONS BETWEEN THEM AND THE COOPERATIVE.

(10) "FOREIGN", WHEN REFERRING TO A COOPERATIVE OR OTHER ENTITY, MEANS AN ENTITY ORGANIZED UNDER LAWS OTHER THAN THE LAWS OF THIS STATE.

(11) "MEMBER" MEANS A PERSON WHO HAS BEEN RECEIVED INTO THE MEMBERSHIP OF A COOPERATIVE WITHOUT COMMON STOCK OR A PERSON WHO HAS ACQUIRED COMMON STOCK IN A COOPERATIVE ORGANIZED WITH COMMON STOCK AND, IN EITHER CASE, IS AUTHORIZED TO VOTE. THIS SUBSECTION (11) SHALL NOT PRECLUDE A COOPERATIVE FROM DESIGNATING PERSONS AS BOTH MEMBERS AND STOCKHOLDERS.

(12) "NET MARGINS" MEANS THE RECEIPTS FROM OPERATIONS LESS THE EXPENSES THEREOF.

(13) "PATRON" MEANS A PERSON WHO MAY, BUT NEED NOT, BE A MEMBER OF A COOPERATIVE WHO UTILIZES THE SERVICES OF THE COOPERATIVE THROUGH THE PURCHASE OR SALE OF PROPERTY OR SERVICES TO OR FROM THE COOPERATIVE.

(14) "PATRONAGE" MEANS THE VOLUME OR DOLLAR VALUE OF BUSINESS TRANSACTED WITH THE COOPERATIVE.

(15) "PATRONAGE REFUND" MEANS A PORTION OF A COOPERATIVE'S NET MARGINS PAID OR ALLOCATED TO A PATRON BASED ON THE PATRON'S PATRONAGE.

(16) "PER UNIT RETAIN" MEANS A DEDUCTION AUTHORIZED BY A PATRON TO BE MADE BY THE COOPERATIVE FROM PROCEEDS OF SALE OF A PRODUCT OR SERVICE BY THE PATRON TO THE COOPERATIVE OR BY THE COOPERATIVE ON BEHALF OF THE

PATRON WHERE THE DEDUCTION IS BASED ON THE VALUE OR QUANTITY OF THE PRODUCT OR SERVICE SOLD TO THE COOPERATIVE OR ON BEHALF OF THE PATRON AND IS DEDUCTED AS A CONTRIBUTION OR INVESTMENT BY THE PATRON IN THE CAPITAL OF THE COOPERATIVE.

(17) "PERSON" MEANS AN INDIVIDUAL OR AN ENTITY.

7-56-104. Filings with the secretary of state. (1) FOR FILING ARTICLES OF INCORPORATION OR AN AMENDMENT TO THE ARTICLES, A COOPERATIVE ORGANIZED UNDER OR THAT HAS ELECTED TO BE SUBJECT TO THIS ARTICLE SHALL PAY A FEE THAT SHALL BE DETERMINED AND COLLECTED PURSUANT TO THE PROVISIONS OF SECTION 24-21-104 (3), C.R.S. THE PAYMENT OF THE FEE ENTITLES THE COOPERATIVE TO EVIDENCE OF INCORPORATION OR EVIDENCE OF AMENDMENT, AS APPLICABLE.

(2) EXCEPT AS OTHERWISE PROVIDED IN THIS ARTICLE, THE SECRETARY OF STATE MAY CHARGE A REASONABLE FEE FOR FURNISHING OR FILING ANY OTHER DOCUMENT IN ACCORDANCE WITH THIS ARTICLE.

(3) ANY DOCUMENT FILED BY THE SECRETARY OF STATE THAT CONTAINS AN INCORRECT STATEMENT OR THAT WAS DEFECTIVELY EXECUTED, ATTESTED, SEALED, VERIFIED, OR ACKNOWLEDGED MAY BE CORRECTED BY:

(a) DELIVERING TO THE SECRETARY OF STATE FOR FILING ARTICLES OF CORRECTION THAT DESCRIBE THE DOCUMENT, INCLUDING ITS FILING DATE, OR ATTACHING A COPY TO THE ARTICLES OF CORRECTION;

(b) SPECIFYING THE INCORRECT STATEMENT AND THE REASON IT IS INCORRECT OR THE MANNER IN WHICH THE EXECUTION, ATTESTATION, SEALING, VERIFICATION, OR ACKNOWLEDGMENT WAS DEFECTIVE; AND

(c) CORRECTING THE INCORRECT STATEMENT OR THE DEFECTIVE EXECUTION, ATTESTATION, SEALING, VERIFICATION, OR ACKNOWLEDGMENT.

(4) (a) THE SECRETARY OF STATE FILES A DOCUMENT BY STAMPING OR ENDORSING THE WORD "FILED", TOGETHER WITH THE NAME AND OFFICIAL TITLE OF THE SECRETARY OF STATE AND THE TIME AND DATE OF RECEIPT, ON BOTH THE DOCUMENT AND THE ACCOMPANYING COPY OR COPIES. AFTER FILING A DOCUMENT, THE SECRETARY OF STATE SHALL CAUSE TO BE DELIVERED THE ACCOMPANYING COPY, WITH THE RECEIPT FOR FILING FEES, IF ANY, TO THE COOPERATIVE.

(b) IF THE SECRETARY OF STATE REFUSES TO FILE A DOCUMENT, THE DOCUMENT SHALL BE RETURNED TO THE PERSON DELIVERING THE DOCUMENT, TOGETHER WITH A WRITTEN NOTICE PROVIDING A BRIEF EXPLANATION OF THE REASON FOR THE REFUSAL, WITHIN TEN DAYS AFTER THE DOCUMENT WAS DELIVERED TO THE SECRETARY OF STATE FOR FILING. WITHIN FORTY-FIVE DAYS AFTER THE EFFECTIVE DATE OF THE NOTICE OF THE REFUSAL, AN APPEAL MAY BE MADE TO THE DISTRICT COURT OF THE COUNTY WHERE THE REGISTERED OR PRINCIPAL OFFICE OF THE COOPERATIVE IS LOCATED. THE APPEAL IS COMMENCED BY PETITIONING THE COURT TO COMPEL THE FILING OF THE DOCUMENT BY THE SECRETARY OF STATE AND BY ATTACHING TO THE PETITION A COPY OF THE DOCUMENT AND A COPY OF THE SECRETARY OF STATE'S NOTICE OF REFUSAL.

(c) THE SECRETARY OF STATE'S DUTY TO FILE DOCUMENTS UNDER THIS SECTION IS MINISTERIAL. EXCEPT AS PROVIDED IN SECTION 7-56-201 (4), THE FILING OF OR REFUSAL TO FILE A DOCUMENT DOES NOT AFFECT THE VALIDITY OR INVALIDITY OF THE DOCUMENT IN WHOLE OR IN PART, DOES NOT RELATE TO THE CORRECTNESS OR INCORRECTNESS OF INFORMATION CONTAINED IN THE DOCUMENT, AND DOES NOT CREATE A PRESUMPTION THAT THE DOCUMENT IS VALID OR INVALID OR THAT INFORMATION CONTAINED IN THE DOCUMENT IS CORRECT OR INCORRECT.

(d) A CERTIFICATE BEARING THE SECRETARY OF STATE'S SIGNATURE, EITHER MANUAL OR FACSIMILE, AND THE SEAL OF THIS STATE ATTACHED TO A COPY OF A DOCUMENT FILED BY THE SECRETARY OF STATE IS PRIMA FACIE EVIDENCE THAT THE DOCUMENT IS ON FILE WITH THE SECRETARY OF STATE.

(5) THE SECRETARY OF STATE SHALL ISSUE TO ANY PERSON, UPON REQUEST, A CERTIFICATE THAT SETS FORTH ANY FACTS OF RECORD IN THE OFFICE OF THE SECRETARY OF STATE, INCLUDING, IF APPROPRIATE, A CERTIFICATE OF GOOD STANDING CONCERNING ANY COOPERATIVE. A CERTIFICATE ISSUED BY THE SECRETARY OF STATE MAY BE RELIED UPON, SUBJECT TO ANY QUALIFICATION STATED IN THE CERTIFICATE, AS PRIMA FACIE EVIDENCE OF THE FACTS SET FORTH THEREIN.

(6) ANY DOCUMENT DELIVERED TO THE SECRETARY OF STATE FOR FILING PURSUANT TO THIS ARTICLE SHALL BE SUBJECT TO THE PROVISIONS OF SUBSECTIONS (3) TO (9) OF SECTION 7-101-201.

7-56-105. Effective time and date of documents. A DOCUMENT REQUIRED OR PERMITTED TO BE DELIVERED TO THE SECRETARY OF STATE FOR FILING UNDER THIS ARTICLE IS EFFECTIVE AT THE TIME IT IS DELIVERED TO THE SECRETARY OF STATE FOR FILING OR AT A DELAYED EFFECTIVE TIME AND DATE NOT TO EXCEED NINETY DAYS SUBSEQUENT TO THE DATE OF DELIVERY AS SPECIFIED IN THE DOCUMENT, UNLESS A CERTIFICATE OF WITHDRAWAL IS DELIVERED TO THE SECRETARY OF STATE FOR FILING ON OR BEFORE THE DELAYED EFFECTIVE DATE. IF A DOCUMENT SPECIFIES A DELAYED EFFECTIVE DATE BUT NOT A TIME, THE DOCUMENT IS EFFECTIVE AT 5 P.M. MOUNTAIN STANDARD TIME. IF THE DOCUMENT SPECIFIES A DELAYED EFFECTIVE DATE EXCEEDING NINETY DAYS, THE DOCUMENT IS EFFECTIVE ON THE NINETIETH DAY AFTER IT IS DELIVERED FOR FILING. A CERTIFICATE OF WITHDRAWAL SHALL CONTAIN A STATEMENT THAT THE DOCUMENT HAS BEEN REVOKED BY APPROPRIATE COOPERATIVE ACTION OR BY COURT ORDER OR DECREE AND IS NO LONGER EFFECTIVE.

7-56-106. Reports. (1) EACH COOPERATIVE ORGANIZED UNDER OR THAT HAS ELECTED TO BE SUBJECT TO THIS ARTICLE SHALL FILE A REPORT IN THE OFFICE OF THE SECRETARY OF STATE AS PROVIDED IN SECTION 7-116-107, SUBJECT TO THE SAME FEES, LATE FILING PENALTIES, AND REINSTATEMENT REQUIREMENTS AS A FOR PROFIT CORPORATION.

(2) THE COMMISSIONER OF AGRICULTURE MAY, BY REGULATION, REQUIRE REPORTS FROM ANY COOPERATIVE ORGANIZED PURSUANT TO THIS ARTICLE THAT LIMITS ITS MEMBERSHIP TO AGRICULTURAL PRODUCERS.

(3) UPON THE DISSOLUTION OF AN AGRICULTURAL COOPERATIVE ORGANIZED UNDER THIS ARTICLE, THE SECRETARY OF STATE SHALL PROVIDE A COPY OF THE ARTICLES OF DISSOLUTION OF THE COOPERATIVE TO THE COMMISSIONER OF

AGRICULTURE.

7-56-107. Cooperative records. (1) A COOPERATIVE SHALL KEEP AS PERMANENT RECORDS MINUTES OF ALL MEETINGS OF ITS MEMBERS AND OF THE BOARD, A RECORD OF ALL ACTIONS TAKEN BY THE MEMBERS OR THE BOARD WITHOUT A MEETING BY A WRITTEN UNANIMOUS CONSENT IN LIEU OF A MEETING, AND A RECORD OF ALL WAIVERS OF NOTICES OF MEETINGS OF THE MEMBERS AND OF THE BOARD.

(2) A COOPERATIVE SHALL MAINTAIN APPROPRIATE ACCOUNTING RECORDS.

(3) A COOPERATIVE SHALL MAINTAIN ITS RECORDS IN WRITTEN FORM OR IN ANOTHER FORM CAPABLE OF CONVERSION INTO WRITTEN FORM WITHIN A REASONABLE TIME.

(4) A COOPERATIVE SHALL KEEP A COPY OF EACH OF THE FOLLOWING RECORDS AT ITS PRINCIPAL OFFICE:

(a) ITS ARTICLES OF INCORPORATION OR OTHER GOVERNING INSTRUMENT;

(b) ITS BYLAWS OR OTHER SIMILAR INSTRUMENT;

(c) A RECORD OF THE NAMES AND ADDRESSES OF ITS MEMBERS, IN A FORM THAT PERMITS PREPARATION OF A LIST OF MEMBERS THAT IS ALPHABETICAL AND THAT SHOWS EACH MEMBER'S ADDRESS AND THE INVESTMENT QUALIFYING A MEMBER TO VOTE HELD BY EACH MEMBER;

(d) THE MINUTES OF MEMBERS' MEETINGS, AND RECORDS OF ALL ACTIONS TAKEN BY MEMBERS WITHOUT A MEETING BY UNANIMOUS WRITTEN CONSENT IN LIEU OF A MEETING, FOR THE PAST THREE YEARS;

(e) ALL WRITTEN COMMUNICATIONS WITHIN THE PAST THREE YEARS TO MEMBERS AS A GROUP OR TO ANY CLASS OF MEMBERS AS A GROUP;

(f) A LIST OF THE NAMES AND BUSINESS ADDRESSES OF ITS CURRENT BOARD OF DIRECTORS AND OFFICERS;

(g) A COPY OF ITS MOST RECENT CORPORATE REPORT DELIVERED TO THE SECRETARY OF STATE UNDER SECTION 7-56-106; AND

(h) ALL FINANCIAL STATEMENTS PREPARED FOR PERIODS ENDING DURING THE LAST FISCAL YEAR.

(5) EXCEPT AS OTHERWISE LIMITED BY THIS ARTICLE, THE BOARD OF DIRECTORS OF A COOPERATIVE SHALL HAVE DISCRETION TO DETERMINE WHAT RECORDS ARE APPROPRIATE FOR THE PURPOSES OF THE COOPERATIVE, THE LENGTH OF TIME RECORDS ARE TO BE RETAINED, AND POLICIES RELATING TO THE CONFIDENTIALITY, DISCLOSURE, INSPECTION AND COPYING OF THE RECORDS OF THE COOPERATIVE.

PART 2
INCORPORATION

7-56-201. Articles of incorporation. (1) A COOPERATIVE MAY BE FORMED PURSUANT TO THIS ARTICLE FOR THE TRANSACTION OF ANY LAWFUL BUSINESS. ONE OR MORE PERSONS MAY ACT AS THE INCORPORATOR OR INCORPORATORS OF A COOPERATIVE. THE INCORPORATORS SHALL CAUSE THE ARTICLES FOR THE COOPERATIVE TO BE DELIVERED TO THE SECRETARY OF STATE FOR FILING. AN INCORPORATOR WHO IS A NATURAL PERSON SHALL BE EIGHTEEN YEARS OF AGE OR OLDER.

(2) THE ARTICLES SHALL SET FORTH:

(a) THE NAME OF THE COOPERATIVE;

(b) THE ADDRESS OF THE COOPERATIVE'S INITIAL PRINCIPAL OFFICE;

(c) THE STREET ADDRESS OF THE INITIAL REGISTERED OFFICE THAT MUST BE LOCATED IN THE STATE OF COLORADO AND THE NAME OF THE INITIAL REGISTERED AGENT AT THAT OFFICE;

(d) THE TERM FOR WHICH THE COOPERATIVE IS TO EXIST, WHICH SHALL BE IN PERPETUITY UNLESS OTHERWISE SPECIFIED IN THE ARTICLES;

(e) IF ORGANIZED WITHOUT COMMON VOTING STOCK, WHETHER THE PROPERTY RIGHTS AND INTERESTS OF EACH MEMBER ARE EQUAL OR UNEQUAL AND, IF UNEQUAL, THE GENERAL RULE OR RULES APPLICABLE TO ALL MEMBERS BY WHICH THE PROPERTY RIGHTS AND INTERESTS OF EACH MEMBER ARE DETERMINED AND FIXED; PROVISIONS FOR THE ADMISSION OF NEW MEMBERS WHO ARE ENTITLED TO SHARE IN THE PROPERTY OF THE COOPERATIVE WITH THE OLD MEMBERS IN ACCORDANCE WITH SUCH GENERAL RULES; AND WHETHER THE COOPERATIVE IS AUTHORIZED TO ISSUE ONE OR MORE CLASSES OF PREFERRED STOCK OR OTHER EQUITY INTERESTS AND, IF SO AUTHORIZED, A STATEMENT AS TO THE NUMBER OF SHARES OF STOCK OF EACH CLASS OR OTHER EQUITY INTERESTS AND THE NATURE AND EXTENT OF THE PREFERENCES, LIMITATIONS, RELATIVE RIGHTS, AND PRIVILEGES GRANTED TO EACH;

(f) IF ORGANIZED WITH STOCK, THE CLASSES OF SHARES AND THE NUMBER OF SHARES OF EACH CLASS THE COOPERATIVE IS AUTHORIZED TO ISSUE. THE STOCK MAY BE DIVIDED INTO PREFERRED AND COMMON STOCK, VOTING AND NONVOTING STOCK, OR INTO ANY OTHER CLASS OF STOCK. IF SO DIVIDED, THE ARTICLES MUST CONTAIN A STATEMENT AS TO THE NUMBER OF SHARES OF STOCK IN EACH CLASS AND THE NATURE AND EXTENT OF THE PREFERENCES, LIMITATIONS, RELATIVE RIGHTS, AND PRIVILEGES GRANTED TO EACH.

(g) THE NAME AND ADDRESS OF EACH INCORPORATOR.

(3) THE ARTICLES MAY SET FORTH:

(a) A PROVISION ELIMINATING OR LIMITING THE PERSONAL LIABILITY OF A DIRECTOR AS PROVIDED IN THIS ARTICLE;

(b) A PROVISION PERMITTING PROPORTIONAL VOTING RIGHTS BASED SOLELY UPON THE PATRONAGE OF A MEMBER WITH THE COOPERATIVE, THE AMOUNT OF EQUITY HELD BY THE MEMBER IN THE COOPERATIVE, OR SOME COMBINATION OF THESE

METHODS, AS PROVIDED IN SECTION 7-56-305 (3);

(c) THE NUMBER AND TERMS OF THE BOARD OF DIRECTORS, WHICH NUMBER SHALL BE NOT LESS THAN THREE, TOGETHER WITH THE NAMES AND THE STREET ADDRESSES OF THE INITIAL DIRECTORS;

(d) THE PURPOSE OR PURPOSES FOR WHICH THE COOPERATIVE IS INCORPORATED WHICH MAY STATE ANY LAWFUL BUSINESS;

(e) A PAR VALUE FOR AUTHORIZED SHARES OF STOCK OR CLASSES OF SHARES;

(f) PROVISIONS DEFINING, LIMITING, AND REGULATING THE POWERS OF THE COOPERATIVE, ITS BOARD, AND ITS MEMBERS;

(g) PROVISIONS LIMITING MEMBERSHIP TO PRODUCERS OF AGRICULTURAL PRODUCTS;

(h) A LIMITATION ON THE HANDLING OF PRODUCTS OR SERVICES FOR ITS OWN MEMBERS ONLY, OR FOR MEMBERS AND NONMEMBERS, AND WHETHER NONMEMBERS ARE ENTITLED TO SHARE IN ALLOCATIONS OF NET MARGINS OR ARE SUBJECT TO PER UNIT RETAINS;

(i) PROVISIONS FOR THE REMOVAL FOR CAUSE OF ANY DIRECTOR BY THE MEMBERS AT ANY REGULAR OR SPECIAL MEMBERS' MEETING;

(j) A PROVISION ELIMINATING OR LIMITING THE INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES, OR AGENTS OF THE COOPERATIVES AS OTHERWISE PROVIDED IN THIS ARTICLE;

(k) ANY PROVISION THAT UNDER THIS ARTICLE IS REQUIRED OR PERMITTED TO BE SET FORTH IN THE BYLAWS;

(l) ANY OTHER PROVISION NOT INCONSISTENT WITH LAW.

(4) EXCEPT IN A PROCEEDING BY THE STATE TO CANCEL OR REVOKE THE INCORPORATION, THE SECRETARY OF STATE'S FILING OF THE ARTICLES IS CONCLUSIVE, AND IT SHALL BE INCONTESTABLE THAT ALL CONDITIONS PRECEDENT TO INCORPORATION HAVE BEEN MET.

(5) WHEN INCORPORATED, NO MEMBER OR SHAREHOLDER AS SUCH SHALL BE LIABLE DIRECTLY OR INDIRECTLY, INCLUDING BY WAY OF INDEMNIFICATION, CONTRIBUTION, OR OTHERWISE, UNDER A JUDGMENT, DECREE, OR ORDER OF A COURT, OR IN ANY OTHER MANNER, FOR A DEBT, OBLIGATION, OR LIABILITY OF OR CHARGEABLE TO THE COOPERATIVE.

(6) A MEMBER DOES NOT HAVE ANY VESTED PROPERTY RIGHT RESULTING FROM ANY PROVISION IN THE ARTICLES THAT MAY EXIST FROM TIME TO TIME OR AT ANY TIME, INCLUDING ANY PROVISION RELATING TO MANAGEMENT, CONTROL, CAPITAL STRUCTURE, DIVIDEND ENTITLEMENT, PURPOSE, OR DURATION OF THE COOPERATIVE.

7-56-202. Amendment of articles. (1) A COOPERATIVE MAY AMEND ITS

ARTICLES AT ANY TIME TO ADD OR CHANGE A PROVISION THAT IS REQUIRED OR PERMITTED IN THE ARTICLES OR TO DELETE A PROVISION NOT REQUIRED IN THE ARTICLES. WHETHER A PROVISION IS REQUIRED OR PERMITTED IN THE ARTICLES IS DETERMINED AS OF THE EFFECTIVE DATE OF THE AMENDMENT.

(2) THE ARTICLES OF A COOPERATIVE MAY BE AMENDED AT ANY REGULAR OR SPECIAL MEETING OF THE MEMBERS OF THE COOPERATIVE. THE PROPOSED AMENDMENT MUST BE FIRST APPROVED BY A TWO-THIRDS MAJORITY OF THE DIRECTORS. THE NOTICE OF THE MEETING OF MEMBERS SHALL SET FORTH OR HAVE ATTACHED TO IT THE PROPOSED AMENDMENT AND SHALL BE MAILED TO EACH MEMBER OF RECORD AT LEAST TEN DAYS PRIOR TO THE MEETING DATE. THE PROPOSED AMENDMENT SHALL BE APPROVED BY AN AFFIRMATIVE VOTE OF A MAJORITY OF THE MEMBERS PRESENT AND VOTING IN PERSON OR IN ANY OTHER MANNER AUTHORIZED BY THE COOPERATIVE PURSUANT TO SECTION 7-56-305 (1), UNLESS A HIGHER PERCENTAGE OF APPROVAL IS REQUIRED IN THE ARTICLES.

(3) UNLESS OTHERWISE PROVIDED IN THE ARTICLES, THE BOARD MAY ADOPT, WITHOUT SHAREHOLDER ACTION, ONE OR MORE AMENDMENTS TO THE ARTICLES TO:

(a) DELETE THE NAMES AND ADDRESSES OF THE INITIAL DIRECTORS;

(b) DELETE THE NAME AND ADDRESS OF THE INITIAL REGISTERED AGENT OR REGISTERED OFFICE, IF A STATEMENT OF CHANGE IS FILED WITH THE SECRETARY OF STATE;

(c) EXCEPT AS OTHERWISE PROVIDED IN SECTION 9 OF ARTICLE XV OF THE STATE CONSTITUTION, CHANGE EACH ISSUED AND UNISSUED SHARE OF A CLASS INTO A GREATER NUMBER OF WHOLE SHARES IF THE COOPERATIVE HAS ONLY SHARES OF THAT CLASS OUTSTANDING; OR

(d) CHANGE THE COOPERATIVE'S NAME BY SUBSTITUTING THE WORD "COOPERATIVE", "ASSOCIATION", "INCORPORATED", "COMPANY", "LIMITED", OR ANY ABBREVIATION THEREOF FOR A SIMILAR WORD OR ABBREVIATION IN THE NAME, OR BY ADDING, DELETING, OR CHANGING A GEOGRAPHICAL DESIGNATION.

(4) IF A COOPERATIVE HAS NOT YET RECEIVED ANY PERSONS AS MEMBERS, ITS INITIAL BOARD MAY ADOPT ONE OR MORE AMENDMENTS TO THE ARTICLES.

(5) A COOPERATIVE AMENDING ITS ARTICLES SHALL DELIVER TO THE SECRETARY OF STATE FOR FILING ARTICLES OF AMENDMENT SETTING FORTH:

(a) THE NAME OF THE COOPERATIVE;

(b) THE TEXT OF EACH AMENDMENT ADOPTED;

(c) IF THE AMENDMENT PROVIDES FOR AN EXCHANGE, RECLASSIFICATION, OR CANCELLATION OF ISSUED SHARES, PROVISIONS FOR IMPLEMENTING THE AMENDMENT IF NOT CONTAINED IN THE AMENDMENT ITSELF;

(d) THE DATE OF EACH AMENDMENT'S ADOPTION;

(e) IF THE AMENDMENT WAS ADOPTED BY THE BOARD WITHOUT MEMBERSHIP ACTION, A STATEMENT TO THAT EFFECT AND THAT ACTION BY THE MEMBERS WAS NOT REQUIRED; AND

(f) IF THE AMENDMENT WAS ADOPTED BY THE MEMBERS, A STATEMENT THAT THE NUMBER OF VOTES CAST FOR THE AMENDMENT BY THE MEMBERS ENTITLED TO VOTE ON THE AMENDMENT WAS SUFFICIENT FOR APPROVAL BY THAT VOTING GROUP.

(6) ANY AMENDMENT TO THE ARTICLES MAY NOT BE INVALIDATED BECAUSE OF THE MANNER OF ITS ADOPTION UNLESS AN ACTION TO DO SO IS COMMENCED WITHIN TWO YEARS AFTER THE DATE OF FILING.

7-56-203. Restated articles. (1) THE BOARD MAY RESTATE THE ARTICLES AT ANY TIME WITH OR WITHOUT MEMBERSHIP ACTION.

(2) THE RESTATEMENT MAY INCLUDE ONE OR MORE AMENDMENTS TO THE ARTICLES. IF THE RESTATEMENT INCLUDES AN AMENDMENT REQUIRING APPROVAL BY THE MEMBERS, IT SHALL BE ADOPTED AS PROVIDED IN SECTION 7-56-202.

(3) IF THE BOARD SUBMITS A RESTATEMENT FOR ACTION BY THE MEMBERS, THE COOPERATIVE SHALL GIVE NOTICE, IN ACCORDANCE WITH SECTION 7-56-202, TO EACH MEMBER ENTITLED TO VOTE ON THE RESTATEMENT AT THE MEMBERS' MEETING AT WHICH THE RESTATEMENT WILL BE VOTED UPON. THE NOTICE SHALL STATE THAT THE PURPOSE, OR ONE OF THE PURPOSES, OF THE MEETING IS TO CONSIDER THE RESTATEMENT, AND THE NOTICE SHALL CONTAIN OR BE ACCOMPANIED BY A COPY OF THE RESTATEMENT THAT IDENTIFIES ANY AMENDMENT OR OTHER CHANGE IT WOULD MAKE IN THE ARTICLES.

(4) A COOPERATIVE RESTATING ITS ARTICLES SHALL DELIVER TO THE SECRETARY OF STATE FOR FILING ARTICLES OF RESTATEMENT SETTING FORTH:

(a) THE NAME OF THE COOPERATIVE;

(b) THE TEXT OF THE RESTATED ARTICLES OF INCORPORATION;

(c) THE INFORMATION REQUIRED BY SECTION 7-56-202 (5) (f) IF THE RESTATEMENT CONTAINS AN AMENDMENT TO THE ARTICLES THAT WAS ADOPTED BY THE MEMBERS;

(d) IF THE RESTATEMENT WAS ADOPTED BY THE BOARD WITHOUT MEMBERSHIP ACTION, A STATEMENT TO THAT EFFECT AND THAT ACTION BY THE MEMBERS WAS NOT REQUIRED; AND

(e) IF DESIRED, A DELAYED EFFECTIVE DATE NOT TO EXCEED NINETY DAYS SUBSEQUENT TO THE DATE OF DELIVERY AS SPECIFIED IN SAID ARTICLES OF RESTATEMENT.

7-56-204. Cooperatives desiring to relinquish provisions of this article.

(1) ANY COOPERATIVE FORMED UNDER OR THAT HAS ELECTED TO BE SUBJECT TO THIS ARTICLE MAY RELINQUISH BEING BOUND BY THE PROVISIONS OF THIS ARTICLE BY AMENDING ITS ARTICLES IN THE MANNER PROVIDED IN SECTION 7-56-202 (2); EXCEPT THAT THE AMENDMENT SHALL BE APPROVED BY A TWO-THIRDS MAJORITY OF ALL THE

MEMBERS PRESENT AND VOTING IN PERSON OR IN ANY OTHER MANNER AUTHORIZED BY THE COOPERATIVE PURSUANT TO SECTION 7-56-305 (1) UNLESS A GREATER VOTE IS REQUIRED BY THE ARTICLES OR BYLAWS.

(2) THE BOARD SHALL PRESENT TO THE MEMBERS FOR APPROVAL, AS DESCRIBED IN SUBSECTION (1) OF THIS SECTION, A PLAN TO RELINQUISH THE PROVISIONS OF THIS ARTICLE, INCLUDING:

(a) A STATEMENT AS TO WHAT TYPE OF BUSINESS ENTITY THE COOPERATIVE IS TO BECOME AFTER THE PLAN HAS BEEN ADOPTED;

(b) A STATEMENT AS TO WHAT WILL BE THE EFFECT ON EQUITIES OF THE COOPERATIVE AFTER THE PLAN HAS BEEN ADOPTED; AND

(c) A STATEMENT AS TO THE PROCEDURES AND MECHANISMS FOR CHANGING THE COOPERATIVE TO ANOTHER TYPE OF ENTITY.

(3) AMENDMENTS TO THE ARTICLES SHALL BE DELIVERED TO THE SECRETARY OF STATE FOR FILING PURSUANT TO SECTION 7-56-104 (6).

7-56-205. Corporations and entities organized under other statutes. ANY DOMESTIC OR FOREIGN CORPORATION OR OTHER ENTITY QUALIFIED TO DO BUSINESS IN THIS STATE AND ENGAGED IN ANY OF THE ACTIVITIES ENUMERATED IN THIS ARTICLE BUT ORGANIZED UNDER ANY OTHER LAW MAY BE CONSIDERED FOR ALL PURPOSES AS SUBJECT TO THIS ARTICLE BY AMENDING ITS ORGANIZATIONAL DOCUMENTS AS NECESSARY TO CONFORM TO THIS ARTICLE AND DELIVERING A STATEMENT TO THE SECRETARY OF STATE FOR FILING. THE STATEMENT TO BE DELIVERED TO THE SECRETARY OF STATE SHALL DECLARE THAT THE CORPORATION OR OTHER ENTITY HAS DETERMINED TO ACCEPT THE BENEFITS OF AND TO BE BOUND BY THE PROVISIONS OF THIS ARTICLE AND HAS AUTHORIZED NECESSARY CHANGES AS REQUIRED IN ITS ORGANIZATIONAL DOCUMENTS AND SHALL BE SIGNED AND SWORN TO BY A MAJORITY OF THE BOARD OR OTHER GOVERNING BODY OF THE CORPORATION OR OTHER ENTITY.

7-56-206. Cooperative name. (1) EXCEPT AS AUTHORIZED BY SUBSECTION (2) OF THIS SECTION, A COOPERATIVE NAME SHALL NOT BE THE SAME AS OR DECEPTIVELY SIMILAR TO:

(a) THE NAME OF ANY DOMESTIC COOPERATIVE;

(b) THE NAME OF ANY DOMESTIC CORPORATION OR DOMESTIC NONPROFIT CORPORATION;

(c) THE NAME OF ANY DOMESTIC LIMITED PARTNERSHIP, LIMITED LIABILITY PARTNERSHIP, REGISTERED LIMITED LIABILITY PARTNERSHIP, OR REGISTERED LIMITED LIABILITY LIMITED PARTNERSHIP AS SET FORTH IN ITS ORGANIZATIONAL DOCUMENTS ON FILE WITH THE SECRETARY OF STATE;

(d) THE NAME OF ANY DOMESTIC LIMITED LIABILITY COMPANY AS SET FORTH IN ITS ARTICLES OF ORGANIZATION ON FILE WITH THE SECRETARY OF STATE;

(e) THE NAME UNDER WHICH ANY FOREIGN CORPORATION, FOREIGN NONPROFIT

CORPORATION, FOREIGN LIMITED PARTNERSHIP, FOREIGN LIMITED LIABILITY PARTNERSHIP, FOREIGN REGISTERED LIMITED LIABILITY PARTNERSHIP, FOREIGN REGISTERED LIMITED LIABILITY LIMITED PARTNERSHIP OR FOREIGN LIMITED LIABILITY COMPANY IS AUTHORIZED TO TRANSACT BUSINESS IN THIS STATE;

(f) THE NAME OF ANY FOREIGN CORPORATION OR FOREIGN NONPROFIT CORPORATION REGISTERED PURSUANT TO SECTION 7-115-107 OR 7-22-108;

(g) A NAME THE EXCLUSIVE RIGHT TO WHICH IS RESERVED WITH THE SECRETARY OF STATE UNDER THE LAWS OF THIS STATE;

(h) ANY TRADE NAME OR ASSUMED NAME WHICH IS REGISTERED WITH THE SECRETARY OF STATE BY ANOTHER PERSON PURSUANT TO SECTION 7-71-101 OR FOR WHICH AN APPLICATION FOR REGISTRATION BY ANOTHER PERSON IS PENDING;

(i) THE CORPORATE NAME, ASSUMED NAME, OR TRADE NAME OF A DISSOLVED CORPORATION OR COOPERATIVE DURING THE ONE-HUNDRED-TWENTY-DAY PERIOD FOLLOWING THE EFFECTIVE DATE OF SUCH CORPORATION'S OR COOPERATIVE'S DISSOLUTION; OR

(j) ANY TRADEMARK REGISTERED WITH THE SECRETARY OF STATE BY ANOTHER PERSON PURSUANT TO SECTION 7-70-102.

(2) A COOPERATIVE MAY APPLY TO THE SECRETARY OF STATE FOR AUTHORIZATION TO USE A NAME, OR MAY DELIVER FOR FILING ARTICLES THAT STATE A NAME, THAT IS THE SAME AS OR DECEPTIVELY SIMILAR TO A NAME OTHERWISE NOT AVAILABLE PURSUANT TO SUBSECTION (1) OF THIS SECTION IF THE COOPERATIVE DELIVERS TO THE SECRETARY OF STATE FOR FILING EITHER:

(a) THE WRITTEN CONSENT OF THE OTHER HOLDER OF THE NAME TO USE THE SAME OR A DECEPTIVELY SIMILAR NAME IF ONE OR MORE WORDS ARE ADDED, ALTERED, OR DELETED TO MAKE THE NAME DISTINGUISHABLE ON THE RECORDS OF THE SECRETARY OF STATE FROM THE OTHER NAME; OR

(b) A CERTIFIED COPY OF A FINAL DECREE OF A COURT OF COMPETENT JURISDICTION ESTABLISHING THE PRIOR RIGHT OF THE COOPERATIVE TO USE THE NAME IN THIS STATE.

(3) ANY PERSON MAY APPLY FOR THE RESERVATION OF THE EXCLUSIVE USE OF A NAME AND MAY HAVE THE USE THEREOF IN ACCORDANCE WITH AND TO THE EXTENT PROVIDED FOR A CORPORATION PURSUANT TO SECTION 7-104-102.

7-56-207. Use of the term "cooperative" - penalty for unlawful use. (1) NO PERSON SHALL USE THE WORD "COOPERATIVE" OR AN ABBREVIATION OR DERIVATION OF IT AS A PART OF ITS BUSINESS OR CORPORATE NAME OR AS A TRADE NAME, TRADEMARK, SERVICE MARK, BRAND, OR DESIGNATION EXCEPT:

(a) AN ENTITY INCORPORATED UNDER THIS ARTICLE, ARTICLE 55 OF THIS TITLE, ARTICLE 33.5 OF TITLE 38, C.R.S., ARTICLE 18 OF TITLE 6, C.R.S., OR A SIMILAR LAW OF ANOTHER STATE;

(b) AN ENTITY OPERATED ON A COOPERATIVE BASIS;

(c) AN ENTITY DESCRIBED IN SECTION 501 (c) (6) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED;

(d) AN ASSOCIATION OF TWO OR MORE OF THE ENTITIES DESCRIBED IN PARAGRAPHS (a) TO (c) OF THIS SUBSECTION (1); OR

(e) AS AUTHORIZED BY SECTION 7-56-205 OR AS OTHERWISE REQUIRED OR AUTHORIZED BY ANY OTHER STATUTE.

(2) A COOPERATIVE DESCRIBED IN SUBSECTION (1) OF THIS SECTION OR ONE OR MORE MEMBERS OF SUCH A COOPERATIVE MAY, WITHOUT THE NECESSITY OF POSTING A BOND, BRING AN ACTION FOR AN INJUNCTION, OR FOR ACTUAL DAMAGES INCURRED, OR BOTH, AS A RESULT OF A VIOLATION OF, OR TO ENFORCE THE PROVISIONS OF, THIS SECTION, OR BOTH. UPON PROOF THAT THE WORD "COOPERATIVE" IS USED IN VIOLATION OF THIS SECTION, THE COURT SHALL ENTER AN ORDER PERMANENTLY ENJOINING SUCH USE OF THE WORD. THE PREVAILING PARTY IN THE ACTION SHALL BE AWARDED JUDGMENT AGAINST THE OTHER PARTY FOR THE ATTORNEY'S FEES AND COSTS OF LITIGATION INCURRED BY THE PREVAILING PARTY IN THE ACTION. THE PROVISIONS OF THIS SECTION SHALL NOT APPLY TO ANY PERSON IN BUSINESS PRIOR TO JULY 6, 1973, WHICH IS USING THE WORD "COOPERATIVE" AS PART OF ITS TRADE NAME, BUSINESS NAME, TRADEMARK, SERVICE MARK, BRAND, OR DESIGNATION.

7-56-208. Bylaws. (1) THE INITIAL BOARD OF EACH COOPERATIVE FORMED UNDER THIS ARTICLE SHALL, WITHIN THIRTY DAYS AFTER THE ARTICLES BECOME EFFECTIVE, ADOPT BYLAWS FOR THE GOVERNMENT AND MANAGEMENT OF ITS AFFAIRS THAT ARE NOT INCONSISTENT WITH LAW OR THE ARTICLES OF THE COOPERATIVE. SUCH BYLAWS MAY BE AMENDED OR MODIFIED IN SUCH MANNER AS THE BYLAWS MAY PROVIDE. IF THE BYLAWS DO NOT PROVIDE A MANNER FOR THEIR AMENDMENT, THE BYLAWS MAY BE AMENDED AT ANY TIME UPON A MAJORITY VOTE OF THE MEMBERS PRESENT AND VOTING IN PERSON OR IN ANY OTHER MANNER AUTHORIZED BY THE COOPERATIVE PURSUANT TO SECTION 7-56-305 (1) AT A REGULAR OR SPECIAL MEETING, THE NOTICE OF WHICH MEETING SHALL HAVE STATED THAT CONSIDERATION WOULD BE GIVEN AT THE MEETING TO AMENDING THE BYLAWS AND SETTING FORTH THE PROPOSED AMENDMENT OR AMENDMENTS.

(2) THE BYLAWS OF THE COOPERATIVE SHALL PROHIBIT THE TRANSFER OF THE VOTING COMMON STOCK OR MEMBERSHIP IN THE COOPERATIVE TO PERSONS NOT ELIGIBLE TO BE A MEMBER OF THE COOPERATIVE AND, IF THE COOPERATIVE ISSUES CERTIFICATES OF COMMON STOCK OR OF MEMBERSHIP, THE RESTRICTIONS MUST BE PRINTED UPON EVERY CERTIFICATE OF STOCK OR CERTIFICATE OF MEMBERSHIP SUBJECT TO THE RESTRICTIONS. AT THE ELECTION OF THE COOPERATIVE, THE RESTRICTIONS MAY ALSO BE INCLUDED IN THE ARTICLES.

(3) IF NOT SET FORTH IN THE ARTICLES, THE BYLAWS OF THE COOPERATIVE SHALL INCLUDE:

(a) THE QUALIFICATIONS FOR MEMBERSHIP; MANNER OF SUCCESSION; AND CONDITIONS FOR SUSPENSION, WITHDRAWAL, OR EXPULSION;

(b) THE AMOUNT OF ANY MEMBERSHIP FEE OR CAPITAL SUBSCRIPTION REQUIRED BY THE COOPERATIVE TO BECOME A MEMBER, CONDITIONS OF MEMBERSHIP, AND PROCEDURES FOR ACQUIRING AND REPAYMENT OF MEMBERSHIP CAPITAL;

(c) ANY LIMITATIONS ON DIVIDENDS ON STOCK OR INTEREST ON EQUITY CAPITAL;

(d) THE TIME, PLACE, AND MANNER OF CONDUCTING OR DETERMINING MEMBERSHIP MEETINGS OF THE COOPERATIVE WHICH SHALL BE AT LEAST ANNUALLY;

(e) THE NUMBER, TERMS, AND TIME OF THE ELECTION OF DIRECTORS, OR THE MANNER FOR DETERMINING THE SAME;

(f) THE NUMBER OF DIRECTORS THAT SHALL CONSTITUTE A QUORUM FOR A MEETING OF THE BOARD, WHICH MUST BE AT LEAST A MAJORITY; AND

(g) THE NUMBER, TERMS, AND TITLES OF OFFICERS, THEIR AUTHORITY AND DUTIES AS WELL AS THE MANNER OF ELECTION OR APPOINTMENT, THE FILLING OF VACANCIES, OR REMOVAL OF OFFICERS;

(h) A REQUIREMENT THAT THE COOPERATIVE'S BUSINESS SHALL BE CONDUCTED ON A COOPERATIVE BASIS FOR THE MUTUAL BENEFIT OF THE COOPERATIVE'S MEMBERS.

(4) IN ADDITION TO THE PROVISIONS SET FORTH IN SUBSECTION (3) OF THIS SECTION, THE BYLAWS MAY INCLUDE:

(a) THE TIME, PLACE, AND MANNER OF CONDUCTING ITS MEETINGS;

(b) THE MODE AND MANNER OF REMOVAL OF DIRECTORS AND THE MODE AND MANNER OF FILLING VACANCIES ON THE BOARD CAUSED BY DEATH, RESIGNATION, OR REMOVAL;

(c) THE COMPENSATION OF DIRECTORS AND OFFICERS OR THE MANNER FOR DETERMINING COMPENSATION;

(d) THE MODE AND MANNER OF CONDUCTING BUSINESS;

(e) THE MODE AND MANNER OF CONDUCTING ELECTIONS AND PROVISIONS FOR VOTING BY BALLOTS FORWARDED BY MAIL OR OTHERWISE;

(f) THE MANNER OF ASSIGNMENT AND TRANSFER OF INTERESTS IN THE COOPERATIVE;

(g) THE MANNER OF COLLECTION AND ENFORCEMENT FOR MEMBER NONPAYMENT OR NONPERFORMANCE, INCLUDING FORFEITURE OF PROPERTY RIGHTS AND INTERESTS;

(h) THE METHOD OF DETERMINATION OF PROPERTY RIGHTS AND INTERESTS IN THE COOPERATIVE AND THE VALUE THEREOF;

(i) METHODS AND PROCEDURES FOR ACQUIRING AND RETURNING EQUITY CAPITAL TO MEMBERS AND OTHER PATRONS OF THE COOPERATIVE;

(j) PROCEDURES PURSUANT TO SECTION 7-56-501 (1) (q) FOR THE HANDLING OF UNCLAIMED EQUITY CAPITAL AND OTHER FUNDS DECLARED PAYABLE BY THE COOPERATIVE AND UNCLAIMED BY THE HOLDER; AND

(k) SUCH OTHER THINGS AS MAY BE PROPER TO CARRY OUT THE PURPOSE FOR WHICH THE COOPERATIVE WAS FORMED OR THE GOVERNANCE OF THE COOPERATIVE.

7-56-209. Agricultural marketing cooperatives. (1) IT IS HEREBY RECOGNIZED THAT AGRICULTURE IS CHARACTERIZED BY INDIVIDUAL PRODUCTION IN CONTRAST TO THE GROUP OR FACTORY SYSTEM THAT CHARACTERIZES OTHER FORMS OF INDUSTRIAL PRODUCTION; THAT THE ORDINARY FORM OF CORPORATE ORGANIZATION PERMITS INDUSTRIAL GROUPS TO COMBINE FOR THE PURPOSE OF GROUP PRODUCTION AND THE ENSUING GROUP MARKETING AND THAT THE PUBLIC HAS AN INTEREST IN PERMITTING PRODUCERS OF AGRICULTURAL PRODUCTS TO BRING TO THEIR INDUSTRY THE HIGH DEGREE OF EFFICIENCY AND MERCHANDISING SKILL EVIDENCED IN THE MANUFACTURING INDUSTRIES; THAT THE PUBLIC INTEREST URGENTLY NEEDS TO PREVENT THE MIGRATION FROM RURAL TO URBAN COMMUNITIES IN ORDER TO ENHANCE PRODUCTION OF AGRICULTURAL PRODUCTS AND TO PRESERVE THE AGRICULTURAL SUPPLY OF THE NATION; THAT THE PUBLIC INTEREST DEMANDS THAT PRODUCERS OF AGRICULTURAL PRODUCTS BE ENCOURAGED TO ATTAIN A MORE EFFICIENT SYSTEM OF MARKETING THEIR PRODUCTS AND PROCUREMENT OF THE NECESSARY EQUIPMENT AND SUPPLIES THROUGH COOPERATIVES.

(2) UPON WRITTEN REQUEST TO THE COMMISSIONER OF AGRICULTURE BY ANY THREE PERSONS, THE COMMISSIONER OR A DULY AUTHORIZED REPRESENTATIVE OF THE COMMISSIONER MAY SUPPLY A WRITTEN SUMMARY OF THE MOST CURRENT SURVEY PREPARED BY THE DEPARTMENT OF AGRICULTURE, IF ANY EXISTS, OF THE BUSINESS CONDITIONS AFFECTING THE PROPOSED PURPOSES OF THE COOPERATIVE, PARTICULARLY THE COMMODITIES TO BE HANDLED. WHEN SUCH A SUMMARY IS SUPPLIED, THE COMMISSIONER OR A REPRESENTATIVE OF THE COMMISSIONER MAY SEPARATELY SET FORTH AN OPINION, STATING THE REASONS THEREFOR, REGARDING THE VIABILITY OF THE PROPOSED VENTURE.

(3) IN ADDITION, THE DEPARTMENT OF AGRICULTURE MAY, AT THE DISCRETION OF THE COMMISSIONER OR A REPRESENTATIVE OF THE COMMISSIONER, PROVIDE OTHER ASSISTANCE TO PERSONS WHO SEEK TO ORGANIZE AN AGRICULTURAL COOPERATIVE.

PART 3 MEMBERS AND OWNERSHIP

7-56-301. Members. (1) SUBJECT TO THE PROVISIONS OF THIS SECTION AND UNDER THE TERMS AND CONDITIONS PRESCRIBED IN THE ARTICLES OR BYLAWS ADOPTED BY IT, A COOPERATIVE MAY LIMIT ADMISSION AS MEMBERS OR ISSUE COMMON STOCK ONLY TO PERSONS ENGAGED IN THE PARTICULAR BUSINESS OR UTILIZING THE GOODS OR SERVICES PROVIDED BY OR THROUGH THE COOPERATIVE, INCLUDING ANY ENTITY FORMED UNDER THE LAWS OF THIS STATE OR ANY OTHER JURISDICTION, OR MAY ADMIT AS MEMBERS OR ISSUE COMMON STOCK TO ANY PERSON MEETING UNIFORM TERMS AND CONDITIONS SET FORTH IN ITS ARTICLES OR BYLAWS.

(2) WHEN ANY REQUIRED MEMBERSHIP FEE OR PAYMENT FOR STOCK AS REQUIRED IN THE ARTICLES, THE BYLAWS, OR A RESOLUTION OF THE BOARD HAS BEEN PAID IN

FULL OR A PROMISSORY NOTE EXECUTED FOR THE REQUIRED MEMBERSHIP FEE OR CAPITAL SUBSCRIPTION, A COOPERATIVE MAY ISSUE A CERTIFICATE OF MEMBERSHIP OR COMMON STOCK EVIDENCING THE MEMBERSHIP OR OWNERSHIP OF THE STOCK OR MAY EVIDENCE THE SAME ON THE BOOKS OR OTHER RECORDS OF THE COOPERATIVE AS DETERMINED BY THE ARTICLES, THE BYLAWS, OR THE BOARD. EXCEPT FOR A COOPERATIVE ORGANIZED WITH STOCK, PROMISSORY NOTES OF MEMBERS MAY NOT BE ACCEPTED BY THE COOPERATIVE AS FULL OR PARTIAL PAYMENT FOR STOCK UNLESS PERMITTED BY THE BYLAWS AND ADEQUATELY SECURED. THE COOPERATIVE SHALL HOLD THE STOCK AS SECURITY FOR THE PAYMENT OF THE NOTE, BUT SUCH RETENTION AS SECURITY SHALL NOT AFFECT THE MEMBER'S RIGHT TO VOTE.

(3) NO MEMBER SHALL HAVE A RIGHT TO VOTE UNTIL THE REQUIRED MEMBERSHIP FEE OR PAYMENT FOR STOCK HAS BEEN PAID IN FULL.

(4) A COOPERATIVE, IN ITS ARTICLES OR BYLAWS, MAY LIMIT THE AMOUNT OF COMMON STOCK THAT A MEMBER MAY OWN.

(5) NO MEMBER SHALL BE LIABLE DIRECTLY OR INDIRECTLY, INCLUDING BY WAY OF INDEMNIFICATION, CONTRIBUTION, OR OTHERWISE, UNDER A JUDGMENT, DECREE, OR ORDER OF A COURT, OR IN ANY OTHER MANNER, FOR A DEBT, OBLIGATION, OR LIABILITY OF OR CHARGEABLE TO THE COOPERATIVE WHILE IT IS INCORPORATED FOR AN AMOUNT EXCEEDING THE SUM REMAINING UNPAID ON THE MEMBER'S MEMBERSHIP FEE OR THE MEMBER'S SUBSCRIPTION TO THE STOCK, INCLUDING ANY UNPAID BALANCE ON ANY PROMISSORY NOTE GIVEN IN PAYMENT THEREOF; EXCEPT THAT THIS SUBSECTION (5) SHALL NOT AFFECT THE LIABILITY OF A MEMBER WHO IS ALSO A MEMBER OF THE BOARD OR AN OFFICER FOR SUCH MEMBER'S NEGLIGENCE, WRONGFUL ACT, OR MISCONDUCT IN THAT CAPACITY.

(6) A COOPERATIVE ORGANIZED WITH OR WITHOUT CAPITAL STOCK UNDER THIS ARTICLE MAY ISSUE OR ACCEPT INVESTMENTS IN NONVOTING STOCK OR EQUITY THAT MAY HAVE SUCH RIGHTS AND PREFERENCES, INCLUDING BEING SUBJECT TO PER UNIT RETAINS OR ALLOCATIONS OF NET MARGINS, AS MAY BE PROVIDED IN THE ARTICLES, THE BYLAWS, OR BY THE BOARD. SUCH NONVOTING STOCK OR EQUITY MAY BE ISSUED AND SOLD BY THE COOPERATIVE TO ANY PERSON, INCLUDING THOSE PERSONS NOT OTHERWISE QUALIFIED TO BE MEMBERS, AND MAY BE REDEEMABLE OR RETIREABLE BY THE COOPERATIVE ON SUCH TERMS AND CONDITIONS AS ARE PROVIDED FOR IN THE ARTICLES, THE BYLAWS, OR A RESOLUTION OF THE BOARD PROVIDING FOR THE ISSUANCE OF OR THE INVESTMENT IN THE NONVOTING STOCK OR EQUITY. THE TERMS AND CONDITIONS OF REDEMPTION SHALL BE PRINTED ON ANY CERTIFICATE EVIDENCING THE STOCK OR EQUITY.

(7) A COOPERATIVE SHALL IMPOSE RESTRICTIONS ON THE TRANSFER OF VOTING COMMON STOCK OR MEMBERSHIP IN THE COOPERATIVE IN ITS BYLAWS IN ACCORDANCE WITH SECTION 7-56-208 (2), AND MAY ALSO IMPOSE SUCH RESTRICTIONS IN ITS ARTICLES, AND MAY IMPOSE RESTRICTIONS ON THE TRANSFER OF OTHER EQUITY INVESTMENTS IN THE COOPERATIVE IN ITS ARTICLES, BYLAWS, OR BY RESOLUTION OF ITS BOARD. ANY SUCH RESTRICTION SHALL BE PRINTED UPON ANY CERTIFICATE OR OTHER WRITTEN EVIDENCE OF THE MEMBERSHIP, VOTING COMMON STOCK, OR OTHER EQUITY INVESTMENT IF ONE IS ISSUED.

(8) SUBJECT TO THE PROVISIONS OF SECTION 7-56-406 (2) (c), A COOPERATIVE

MAY, AT ANY TIME AS SPECIFIED IN ITS ARTICLES, BYLAWS, OR RESOLUTION OF THE BOARD ADOPTED AT THE TIME OF ISSUANCE, ACQUIRE, RECALL, REDEEM, EXCHANGE, OR REISSUE ITS COMMON STOCK, MEMBERSHIPS, PREFERRED STOCK, PREFERRED EQUITY, MEMBERSHIPS, OR OTHER EQUITY CAPITAL. CONSIDERATION PAID FOR STOCK, MEMBERSHIPS, OR OTHER EQUITY CAPITAL ACQUIRED, RECALLED, REDEEMED, EXCHANGED, OR REISSUED BY THE COOPERATIVE SHALL BE THE PAR VALUE, STATED VALUE, PRICE ORIGINALLY PAID, OR BOOK VALUE, WHICHEVER IS LESS, AS CONCLUSIVELY DETERMINED BY THE BOARD, PLUS ANY ACCRUED AND UNPAID DIVIDENDS, IF ANY, AND, IF THE PRICE ORIGINALLY PAID FOR THE STOCK, MEMBERSHIPS, OR OTHER EQUITY CAPITAL INCLUDED AN ADDITIONAL AMOUNT BASED UPON THE RIGHT OF THE HOLDER TO ENGAGE IN BUSINESS WITH THE COOPERATIVE, THE CONSIDERATION SHALL INCLUDE THE ADDITIONAL AMOUNT. IF STOCK, MEMBERSHIPS, OR OTHER EQUITY CAPITAL ACQUIRED, RECALLED, REDEEMED, OR EXCHANGED DOES NOT HAVE A PAR VALUE, THEN THE PAR VALUE SHALL NOT BE CONSIDERED IN DETERMINING THE CONSIDERATION. THE COOPERATIVE MAY SET OFF AGAINST THE CONSIDERATION TO BE PAID OBLIGATIONS TO IT OF THE HOLDER OF STOCK, MEMBERSHIP, OR OTHER EQUITY CAPITAL AND SHALL HAVE A CONTINUING PERFECTED SECURITY INTEREST IN THE STOCK, MEMBERSHIP, AND OTHER EQUITY CAPITAL OF A MEMBER, STOCKHOLDER, OR HOLDER OF OTHER EQUITY CAPITAL TO SECURE PAYMENT OF ANY INDEBTEDNESS TO THE COOPERATIVE OF THE STOCKHOLDER, MEMBER, OR HOLDER OF OTHER EQUITY CAPITAL, WHENEVER INDEBTEDNESS IS INCURRED. NOTWITHSTANDING ANY OTHER PROVISION OF LAW, THE SECURITY INTEREST SHALL TAKE PRIORITY OVER ALL OTHER PERFECTED SECURITY INTERESTS. NO ACQUISITION, RECALL, OR REDEMPTION SHALL BE MADE IF THE RESULT OF IT WOULD BE TO BRING THE VALUE OF THE REMAINING ASSETS OF THE COOPERATIVE BELOW THE AGGREGATE OF ITS INDEBTEDNESS. THE ARTICLES OR BYLAWS MAY PROVIDE OTHER LIMITATIONS ON THE RIGHT OF A COOPERATIVE TO ACQUIRE, RECALL, REDEEM, EXCHANGE, OR REISSUE ITS STOCK, MEMBERSHIPS, OR OTHER EQUITY CAPITAL.

(9) IF A MEMBER OF A COOPERATIVE IS OTHER THAN A NATURAL PERSON, SUCH MEMBER MAY BE REPRESENTED BY ANY INDIVIDUAL, ASSOCIATE, OFFICER, MANAGER, MEMBER, SHAREHOLDER, OR OTHER EQUITY HOLDER THEREOF DULY AUTHORIZED IN WRITING BY THE MEMBER'S BOARD OR OTHER GOVERNING BODY HAVING THE RIGHT TO AUTHORIZE THE REPRESENTATION.

(10) IF SO PRESCRIBED IN ITS ARTICLES OR BYLAWS, A COOPERATIVE MAY GROUP ITS MEMBERS IN DISTRICTS, OR OTHER UNITS, OR BY TYPES OF GOODS OR SERVICES UTILIZED, FOR ADMINISTRATION OR OTHERWISE ACHIEVING THE PURPOSES OF THE COOPERATIVE.

(11) A COOPERATIVE, IN ITS ARTICLES OR BYLAWS, MAY LIMIT THE AMOUNT OF COMMON STOCK OR OTHER EQUITY CAPITAL HELD BY MEMBERS OR OTHER PERSONS.

(12) A COOPERATIVE, IN ITS ARTICLES OR BYLAWS, MAY LIMIT THE AMOUNT OF COMMON STOCK THAT ONE MEMBER MAY OWN.

7-56-302. Member meetings - how called - notice. (1) IN ITS BYLAWS, EACH COOPERATIVE SHALL PROVIDE FOR ONE OR MORE REGULAR MEMBER MEETINGS ANNUALLY. EITHER THE BOARD OR SUCH OFFICERS AS ARE DESIGNATED IN THE BYLAWS SHALL HAVE THE RIGHT TO CALL A SPECIAL MEETING OF THE MEMBERS AT

ANY TIME, AND THE PRESIDENT, OR OTHER OFFICER DESIGNATED IN THE BYLAWS, SHALL CALL A SPECIAL MEETING TO BE HELD WITHIN SIXTY DAYS UPON PETITION BY TEN PERCENT OF THE TOTAL NUMBER OF MEMBERS STATING THE SPECIFIC BUSINESS TO BE BROUGHT BEFORE THE MEETING. THE BOARD OR THE PERSON CALLING THE SPECIAL MEETING SHALL DETERMINE THE DATE, TIME, AND PLACE OF THE MEETING.

(2) WRITTEN NOTICE OF ALL MEMBER MEETINGS SHALL BE MAILED TO EACH MEMBER AT THAT MEMBER'S LAST KNOWN ADDRESS OR TRANSMITTED TO EACH MEMBER IN SUCH OTHER MANNER AS MAY BE PROVIDED IN THE BYLAWS AT LEAST TEN DAYS PRIOR TO THE MEETING. NOTICE OF ANY SPECIAL MEETING SHALL INCLUDE A STATEMENT OF THE PURPOSE FOR THE MEETING. AT ALL REGULAR MEETINGS OF MEMBERS OF THE COOPERATIVE, ANY AND ALL LAWFUL BUSINESS MAY BE BROUGHT BEFORE THE MEETING REGARDLESS OF WHETHER STATED IN THE NOTICE OF THE MEETING; EXCEPT THAT AMENDMENTS TO THE ARTICLES OR THE BYLAWS OF THE COOPERATIVE OR OTHER ACTION REQUIRED TO BE SET FORTH IN THE NOTICE OF THE MEETING BY THIS ARTICLE SHALL NOT BE SUBJECT TO ACTION UNLESS NOTICE THEREOF IS SET FORTH IN THE NOTICE OF THE MEETING. AT ALL SPECIAL MEETINGS OF THE MEMBERS OF THE COOPERATIVE, BUSINESS BROUGHT BEFORE THE MEETING SHALL BE LIMITED TO THE PURPOSE STATED IN THE NOTICE.

(3) ACTIONS TAKEN OR AGREED TO BE TAKEN DURING A MEMBER MEETING SHALL NOT BE INVALIDATED ON ACCOUNT OF ANY MEMBER'S FAILURE TO RECEIVE NOTICE OF A MEETING IF REASONABLE EFFORT HAS BEEN MADE TO GIVE NOTICE IN ACCORDANCE WITH THIS SECTION.

(4) LAWFUL ACTIONS OR OTHER MEMBERSHIP VOTES MAY BE TAKEN BY THE COOPERATIVE IN LIEU OF OR WITHOUT A MEMBER MEETING IF ALL MEMBERS ENTITLED TO ACT OR VOTE WITH RESPECT TO THE ACTION AGREE TO THAT ACTION BY UNANIMOUS WRITTEN CONSENT.

7-56-303. Members' list for meeting. (1) AFTER FIXING A RECORD DATE FOR A MEETING OF THE MEMBERSHIP, THE COOPERATIVE SHALL PREPARE A LIST OF THE NAMES AND ADDRESSES OF ALL ITS MEMBERS WHO ARE ENTITLED TO BE GIVEN NOTICE OF THE MEETING. THE MEMBERS' LIST SHALL BE AVAILABLE FOR INSPECTION BY ANY MEMBER OR MEMBER'S AGENT OR ATTORNEY, FOR A PROPER CORPORATE PURPOSE, BEGINNING THE EARLIER OF TEN DAYS BEFORE THE MEETING FOR WHICH THE LIST WAS PREPARED OR TWO BUSINESS DAYS AFTER NOTICE OF THE MEETING IS GIVEN AND CONTINUING THROUGH THE MEETING, AND ANY ADJOURNMENT THEREOF. SECTION 7-56-307 IS NOT APPLICABLE TO THIS SECTION.

(2) THE COOPERATIVE SHALL MAKE THE MEMBERS' LIST AVAILABLE AT THE MEETING, AND ANY MEMBER OR MEMBER'S AGENT OR ATTORNEY IS ENTITLED TO INSPECT THE LIST AT ANY TIME AND FOR A PROPER CORPORATE PURPOSE DURING THE MEETING OR ANY ADJOURNMENT.

(3) IF THE COOPERATIVE REFUSES TO ALLOW A MEMBER OR THE MEMBER'S AGENT OR ATTORNEY TO INSPECT THE MEMBERS' LIST BEFORE OR AT THE MEETING, AS PERMITTED BY SUBSECTION (1) OR (2) OF THIS SECTION, THE MEMBER MAY APPLY TO THE DISTRICT COURT OF THE COUNTY IN THIS STATE WHERE THE COOPERATIVE'S PRINCIPAL OFFICE IS LOCATED OR, IF IT HAS NO PRINCIPAL OFFICE IN THIS STATE, THE DISTRICT COURT OF THE COUNTY WHERE THE COOPERATIVE'S REGISTERED OFFICE IS

LOCATED FOR AN ORDER PERMITTING THE MEMBER OR THE MEMBER'S AGENT OR ATTORNEY TO INSPECT THE MEMBERS' LIST.

(4) THE COURT MAY ORDER INSPECTION OF THE MEMBERS' LIST PURSUANT TO SUBSECTION (3) OF THIS SECTION, UNLESS THE COOPERATIVE PROVES THAT IT REFUSED INSPECTION OR COPYING OF THE LIST IN GOOD FAITH BECAUSE IT HAD A REASONABLE BASIS FOR DOUBT ABOUT THE RIGHT OF THE MEMBER OR THE AGENT OR ATTORNEY OF THE MEMBER TO INSPECT OR COPY THE MEMBERS' LIST. THE COURT MAY ALSO POSTPONE OR ADJOURN THE MEETING FOR WHICH THE LIST WAS PREPARED UNTIL THE INSPECTION ORDERED BY THE COURT IS COMPLETE. IN ANY SUCH ACTION:

(a) THE COURT MAY ORDER THE LOSING PARTY TO PAY THE PREVAILING PARTY'S REASONABLE COSTS, INCLUDING REASONABLE ATTORNEY'S FEES;

(b) THE COURT MAY ORDER THE LOSING PARTY TO PAY THE PREVAILING PARTY FOR ANY DAMAGES THE PREVAILING PARTY SHALL HAVE INCURRED BY REASON OF THE SUBJECT MATTER OF THE LITIGATION;

(c) IF INSPECTION OR COPYING IS ORDERED PURSUANT TO SUBSECTION (3) OF THIS SECTION, THE COURT MAY ORDER THE COOPERATIVE TO PAY THE MEMBER'S INSPECTION AND COPYING EXPENSES; AND

(d) THE COURT MAY GRANT EITHER PARTY ANY OTHER REMEDY PROVIDED BY LAW.

(5) IF A COURT ORDERS INSPECTION OF THE MEMBERS' LIST PURSUANT TO SUBSECTION (3) OF THIS SECTION, THE COURT MAY IMPOSE REASONABLE RESTRICTIONS ON THE USE OR DISTRIBUTION OF THE LIST BY THE MEMBER.

(6) FAILURE TO PREPARE OR MAKE AVAILABLE THE MEMBERS' LIST DOES NOT AFFECT THE VALIDITY OF ACTION TAKEN AT THE MEETING.

7-56-304. Quorum. (1) A QUORUM FOR CONDUCTING BUSINESS AT ALL MEETINGS OF THE MEMBERS SHALL BE FIVE PERCENT OF THE TOTAL NUMBER OF MEMBERS OR THIRTY MEMBERS PRESENT IN PERSON AT THE MEETING, WHICHEVER IS LESS. MEMBERS PRESENT AND VOTING IN PERSON OR IN ANY OTHER MANNER AUTHORIZED BY THE COOPERATIVE PURSUANT TO SECTION 7-56-305 (1) SHALL BE COUNTED TOWARD THE QUORUM WITH RESPECT TO THAT MATTER. NOTHING SHALL PREVENT THE ARTICLES OR THE BYLAWS OF A COOPERATIVE FROM REQUIRING A GREATER NUMBER OF MEMBERS OR PERCENTAGE THEREOF AS A QUORUM.

(2) AN ACTION BY A COOPERATIVE IS NOT VALID IN THE ABSENCE OF A QUORUM AT THE MEETING AT WHICH THE ACTION WAS TAKEN, UNLESS THE ACTION TAKEN IS SUBSEQUENTLY RATIFIED BY THE REQUIRED NUMBER OF MEMBERS.

7-56-305. Member voting. (1) (a) MEMBERS OF A COOPERATIVE MAY VOTE EITHER IN PERSON OR, IF PROVIDED IN THE ARTICLES OR THE BYLAWS OF THE COOPERATIVE OR A RESOLUTION OF THE BOARD WITH RESPECT TO A PARTICULAR ISSUE, BY ANY OF THE FOLLOWING METHODS:

(I) MAIL OR ELECTRONIC TRANSMISSION IF A MEANS IS PROVIDED TO VERIFY THAT A MEMBER SO VOTING HAS RECEIVED THE EXACT WORDING OF THE MATTER UPON

WHICH THE VOTE IS TO BE TAKEN;

(II) TELECOMMUNICATION; OR

(III) ANY OTHER MEANS BY WHICH ALL PERSONS IN THE MEETING MAY COMMUNICATE WITH EACH OTHER DURING THE MEETING.

(b) WHENEVER IN THIS ARTICLE REFERENCE IS MADE TO VOTING BY MEMBERSHIP THE VOTE MAY BE TAKEN IN ANY MANNER ESTABLISHED PURSUANT TO THIS SECTION UNLESS SPECIFICALLY PROVIDED OTHERWISE IN THIS ARTICLE OR BY THE BOARD WITH RESPECT TO A PARTICULAR MATTER UPON WHICH THE VOTE IS TO BE TAKEN.

(c) WITH RESPECT TO A MATTER WHERE A VOTE HAS BEEN CAST BY AN AUTHORIZED MEANS OTHER THAN THE PERSON BEING PRESENT AND VOTING IN PERSON, THE PERSON CASTING THE VOTE SHALL BE COUNTED AS PRESENT AND VOTING FOR PURPOSES OF THOSE PROVISIONS IN THIS ARTICLE THAT REFER TO PERSONS "PRESENT AND VOTING".

(d) PROXY OR CUMULATIVE VOTING SHALL BE PROHIBITED EXCEPT AS PERMITTED BY THE ARTICLES OR BYLAWS OF ORGANIZATIONS INCORPORATED PRIOR TO JULY 6, 1973; EXCEPT THAT, WHERE A MEMBER IS OTHER THAN A NATURAL PERSON, ITS VOTE MAY BE CAST BY A REPRESENTATIVE AUTHORIZED PURSUANT TO THIS ARTICLE.

(2) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (3) OF THIS SECTION, EACH MEMBER OF A COOPERATIVE ORGANIZED UNDER THIS ARTICLE SHALL BE ENTITLED TO ONE VOTE ONLY.

(3) ANY COOPERATIVE ORGANIZED UNDER THIS ARTICLE MAY PROVIDE IN ITS ARTICLES FOR PROPORTIONAL VOTING RIGHTS ALLOWING MEMBERS MORE THAN ONE VOTE BASED UPON THE PATRONAGE OF A MEMBER WITH THE COOPERATIVE, THE AMOUNT OF PATRONAGE EQUITY HELD IN THE COOPERATIVE, OR ANY COMBINATION OF THESE METHODS. HOWEVER, NO MEMBER MAY BE ENTITLED TO MORE THAN ONE VOTE IN ANY CASE WHERE A LAW OF THIS STATE SPECIFICALLY REQUIRES OTHERWISE. IN NO EVENT SHALL ANY MEMBER HAVE LESS THAN ONE VOTE AND NO MEMBER MAY HAVE MORE THAN TWO AND ONE-HALF PERCENT OF THE TOTAL VOTES OF MEMBERS OF THE COOPERATIVE. IF THE NUMBER OF MEMBERS IN THE COOPERATIVE IS SUCH THAT, SOLELY BY VIRTUE OF THE NUMBER OF MEMBERS, ONE MEMBER MAY HAVE MORE THAN TWO AND ONE-HALF PERCENT BASED ON PROPORTIONAL VOTING, THEN EACH MEMBER OF THE COOPERATIVE SHALL BE ENTITLED TO ONE VOTE ONLY.

(4) UNLESS OTHERWISE PROVIDED IN THIS ARTICLE OR IN THE COOPERATIVE'S ARTICLES, WHEN A COOPERATIVE HAS PROVIDED FOR PROPORTIONAL VOTING, IT SHALL BE DEEMED TO HAVE INTENDED THAT THE REFERENCES IN THIS ARTICLE TO A VOTE OF A SPECIFIED PROPORTION OF MEMBERS OR SIMILAR TERMINOLOGY AS NECESSARY FOR APPROVAL OF A MATTER SUBMITTED TO A MEMBERSHIP VOTE SHALL MEAN A DETERMINATION BASED ON A PROPORTION OF THE TOTAL VOTES ENTITLED TO BE CAST OR ACTUALLY CAST BY MEMBERS AS APPLICABLE IN THE PARTICULAR REFERENCE.

7-56-306. Reserves, distributions, and patronage refunds. (1) A COOPERATIVE SHALL PERIODICALLY SET ASIDE A PORTION OF NET MARGINS, PER UNIT RETAINS, OR OTHER FUNDS THAT IS REASONABLE AS DETERMINED BY THE BOARD OR IN

ACCORDANCE WITH THE ARTICLES OR BYLAWS, FOR RESERVES, DISTRIBUTIONS, PATRONAGE REFUNDS, CAPITAL, OR OTHER LAWFUL BUSINESS PURPOSES.

(2) NET MARGINS, AFTER DEDUCTIONS FOR REASONABLE RESERVES AND FOR ALLOWANCES FOR INCOME TAX, SHALL BE CALCULATED AND ALLOCATED ON A PATRONAGE BASIS AT LEAST ONCE EVERY TWELVE MONTHS TO MEMBERS OR TO MEMBERS AND OTHER QUALIFIED PERSONS ON AN EQUITABLE BASIS AS DETERMINED BY THE BOARD OR IN ACCORDANCE WITH THE ARTICLES OR BYLAWS. THIS SECTION SHALL NOT BE CONSTRUED AS PROHIBITING THE RETENTION OF NET MARGINS, EXCESS PER UNIT RETAINS, OR OTHER FUNDS ALLOCATED TO MEMBERS AS A MEANS OF PROVIDING CAPITAL FOR THE COOPERATIVE.

(3) IF A COOPERATIVE HAS RETAINED NET MARGINS OR OTHER FUNDS ALLOCATED TO MEMBERS, THE BOARD SHALL HAVE THE RIGHT IN ACCORDANCE WITH THE ARTICLES, BYLAWS, AND POLICIES ESTABLISHED BY THE BOARD TO REDEEM OR RETIRE THE NET MARGINS OR OTHER FUNDS SO RETAINED. ALL DECISIONS RELATING TO THE REDEMPTION OR RETIREMENT OF SUCH FUNDS SHALL BE MADE SOLELY BY THE BOARD.

7-56-307. Inspection of cooperative records by member. (1) A MEMBER IS ENTITLED TO INSPECT AND COPY, AT THE MEMBER'S EXPENSE, DURING REGULAR BUSINESS HOURS AT A REASONABLE LOCATION SPECIFIED BY THE COOPERATIVE, ANY OF THE RECORDS DESCRIBED IN SECTION 7-56-107 (4) IF THE MEMBER MEETS THE REQUIREMENTS OF SUBSECTION (2) OF THIS SECTION AND GIVES THE COOPERATIVE WRITTEN DEMAND AT LEAST FIVE BUSINESS DAYS BEFORE THE DATE ON WHICH THE MEMBER WISHES TO INSPECT AND COPY SUCH RECORDS. NOTWITHSTANDING THE PROVISIONS OF THIS SUBSECTION (1) OR ANY PROVISIONS OF SECTION 7-56-107 (4), NO MEMBER SHALL HAVE THE RIGHT TO INSPECT OR COPY ANY RECORDS OF THE COOPERATIVE RELATING TO THE AMOUNT OF EQUITY CAPITAL IN THE COOPERATIVE HELD BY ANY PERSON OR ANY ACCOUNTS RECEIVABLE OR OTHER AMOUNTS DUE THE COOPERATIVE FROM ANY PERSON.

(2) TO BE ENTITLED TO INSPECT AND COPY PERMITTED RECORDS, THE MEMBER SHALL MEET THE FOLLOWING REQUIREMENTS:

(a) THE MEMBER HAS BEEN A MEMBER FOR AT LEAST ONE YEAR IMMEDIATELY PRECEDING THE DEMAND TO INSPECT OR COPY OR IS A MEMBER HOLDING AT LEAST FIVE PERCENT OF ALL OF THE OUTSTANDING EQUITY INTERESTS IN THE COOPERATIVE AS OF THE DATE THE DEMAND IS MADE;

(b) THE DEMAND IS MADE IN GOOD FAITH AND FOR A PROPER CORPORATE BUSINESS PURPOSE;

(c) THE MEMBER DESCRIBES WITH REASONABLE PARTICULARITY THE PURPOSE AND THE RECORDS THE MEMBER DESIRES TO INSPECT; AND

(d) THE RECORDS ARE DIRECTLY CONNECTED WITH THE DESCRIBED PURPOSE.

(3) THE RIGHT OF INSPECTION GRANTED BY THIS SECTION MAY NOT BE ABOLISHED OR LIMITED BY THE ARTICLES, BYLAWS, OR ANY ACTIONS OF THE BOARD OR THE MEMBERS.

(4) THIS SECTION DOES NOT AFFECT:

(a) THE RIGHT OF A MEMBER TO INSPECT RECORDS TO THE SAME EXTENT AS ANY OTHER LITIGANT IF THE MEMBER IS IN LITIGATION WITH THE COOPERATIVE; OR

(b) THE POWER OF A COURT TO COMPEL THE PRODUCTION OF THE COOPERATIVE'S RECORDS FOR EXAMINATION.

(5) NOTWITHSTANDING ANY OTHER PROVISION IN THIS SECTION, IF THE RECORDS OF THE COOPERATIVE TO BE INSPECTED OR COPIED ARE IN ACTIVE USE OR STORAGE AND, THEREFORE, NOT AVAILABLE AT THE TIME OTHERWISE PROVIDED FOR INSPECTION OR COPYING, THE COOPERATIVE SHALL NOTIFY THE MEMBER OF THIS FACT AND SHALL SET A DATE AND HOUR WITHIN THREE BUSINESS DAYS OF THE DATE OTHERWISE SET IN THIS SECTION FOR THE INSPECTION OR COPYING.

(6) THIS SECTION SHALL NOT APPLY TO SECTION 7-56-303.

7-56-308. Scope of member's inspection right. (1) A MEMBER'S AGENT OR ATTORNEY HAS THE SAME INSPECTION AND COPYING RIGHTS AS THE MEMBER.

(2) THE RIGHT TO COPY RECORDS UNDER SECTION 7-56-307 INCLUDES, IF REASONABLE, THE RIGHT TO RECEIVE COPIES MADE BY PHOTOGRAPHIC, XEROGRAPHIC COPYING, OR OTHER MEANS.

(3) THE COOPERATIVE MAY IMPOSE A REASONABLE CHARGE, COVERING THE COSTS OF LABOR AND MATERIAL, FOR COPIES OF ANY DOCUMENTS PROVIDED TO THE MEMBER. THE CHARGE MAY NOT EXCEED THE ESTIMATED COST OF PRODUCTION AND REPRODUCTION OF THE RECORDS.

7-56-309. Court-ordered inspection. (1) IF A COOPERATIVE REFUSES TO ALLOW A MEMBER, OR THE MEMBER'S AGENT OR ATTORNEY, WHO COMPLIES WITH SECTION 7-56-307 TO INSPECT OR COPY ANY RECORDS THAT THE MEMBER IS ENTITLED TO INSPECT OR COPY BY SAID SECTION WITHIN A PRESCRIBED TIME LIMIT OR, IF NONE, WITHIN A REASONABLE TIME, THE DISTRICT COURT OF THE COUNTY IN THIS STATE WHERE THE COOPERATIVE'S PRINCIPAL OFFICE IS LOCATED OR, IF IT HAS NO PRINCIPAL OFFICE IN THIS STATE, THE DISTRICT COURT OF THE COUNTY IN WHICH ITS REGISTERED OFFICE IS LOCATED MAY, ON APPLICATION OF THE MEMBER, SUMMARILY ORDER THE INSPECTION OR COPYING OF THE RECORDS DEMANDED AT THE COOPERATIVE'S EXPENSE.

(2) IF A COURT ORDERS INSPECTION OR COPYING OF THE RECORDS DEMANDED, UNLESS THE COOPERATIVE PROVES THAT IT REFUSED INSPECTION OR COPYING IN GOOD FAITH BECAUSE IT HAD A REASONABLE BASIS FOR DOUBT ABOUT THE RIGHT OF THE MEMBER OR THE MEMBER'S AGENT OR ATTORNEY TO INSPECT OR COPY THE RECORDS DEMANDED:

(a) THE COURT MAY ORDER THE LOSING PARTY TO PAY THE PREVAILING PARTY'S REASONABLE COSTS, INCLUDING REASONABLE ATTORNEY'S FEES.

(b) THE COURT MAY ORDER THE LOSING PARTY TO PAY THE PREVAILING PARTY FOR ANY DAMAGES THE PREVAILING PARTY SHALL HAVE INCURRED BY REASON OF THE

SUBJECT MATTER OF THE LITIGATION;

(c) IF INSPECTION OR COPYING IS ORDERED PURSUANT TO SUBSECTION (1) OF THIS SECTION, THE COURT MAY ORDER THE COOPERATIVE TO PAY THE MEMBER'S INSPECTION AND COPYING EXPENSES NOTWITHSTANDING THE PROVISIONS OF SECTION 7-56-307 (1); AND

(d) THE COURT MAY GRANT EITHER PARTY ANY OTHER REMEDY PROVIDED BY LAW.

(3) IF A COURT ORDERS INSPECTION OR COPYING OF RECORDS DEMANDED, IT MAY IMPOSE REASONABLE RESTRICTIONS ON THE USE OR DISTRIBUTION OF THE RECORDS BY THE DEMANDING MEMBER.

PART 4 OFFICERS AND ELECTIONS

7-56-401. Directors - elections - remuneration - vacancy. (1) THE AFFAIRS OF A COOPERATIVE ORGANIZED UNDER OR SUBJECT TO THIS ARTICLE SHALL BE MANAGED BY A BOARD OF NOT LESS THAN THREE DIRECTORS AS PROVIDED IN THE ARTICLES OR BYLAWS ELECTED BY AND FROM THE MEMBERS OF THE COOPERATIVE OR DESIGNATED REPRESENTATIVES OF MEMBERS WHO ARE NOT NATURAL PERSONS. IF AUTHORIZED BY THE ARTICLES OR THE BYLAWS, UP TO TWENTY PERCENT OF THE BOARD MAY CONSIST OF DIRECTORS WHO ARE NEITHER MEMBERS NOR REPRESENTATIVES OF MEMBERS. DIRECTORS WHO ARE NOT MEMBERS OF THE COOPERATIVE OR REPRESENTATIVES OF MEMBERS MAY BE ELECTED BY A VOTE OF TWO-THIRDS OF THE COOPERATIVE MEMBERS PRESENT AND VOTING. NOMINATIONS FOR THE POSITION OF DIRECTOR SHALL BE CONDUCTED IN A MANNER PROVIDED IN THE BYLAWS OR IN A RESOLUTION OF THE BOARD OR OF THE MEMBERS.

(2) THE ARTICLES OR BYLAWS MAY PROVIDE THAT THE TERRITORY IN WHICH THE COOPERATIVE HAS MEMBERS SHALL BE DIVIDED INTO DISTRICTS AND THAT THE DIRECTORS SHALL BE ELECTED ACCORDING TO SUCH DISTRICTS, EITHER DIRECTLY OR BY DISTRICT DELEGATES ELECTED BY THE MEMBERS IN THAT DISTRICT. IN THAT CASE THE ARTICLES OR BYLAWS SHALL SPECIFY THE NUMBER OF DIRECTORS TO BE ELECTED BY EACH DISTRICT AND THE MANNER AND METHOD OF REAPPORTIONING THE DIRECTORS AND OF REDISTRICTING THE TERRITORY COVERED BY THE COOPERATIVE. THE BYLAWS MAY PROVIDE THAT PRIMARY ELECTIONS SHALL BE HELD IN EACH DISTRICT TO ELECT THE DIRECTORS APPORTIONED TO SUCH DISTRICTS AND THAT THE RESULT OF ALL SUCH PRIMARY ELECTIONS SHALL BE RATIFIED AT THE NEXT REGULAR MEETING OF THE COOPERATIVE OR BE CONSIDERED FINAL AS TO THE COOPERATIVE.

(3) A COOPERATIVE MAY PROVIDE A REASONABLE REMUNERATION FOR THE TIME ACTUALLY SPENT BY ITS OFFICERS AND DIRECTORS IN ITS SERVICE. NO DIRECTOR, DURING THE TERM OF THE DIRECTOR'S OFFICE, SHALL BE A PARTY TO A CONTRACT FOR PROFIT WITH THE COOPERATIVE DIFFERING IN ANY WAY FROM THE BUSINESS RELATIONS ACCORDED MEMBERS OF THE COOPERATIVE.

(4) THE ARTICLES OR BYLAWS MAY LIMIT DIRECTORS FROM OCCUPYING ANY POSITION IN THE COOPERATIVE ON A REGULAR SALARY OR SUBSTANTIALLY FULL-TIME PAY. THE ARTICLES OR BYLAWS MAY PROVIDE FOR AN EXECUTIVE COMMITTEE AND MAY ALLOT TO THE COMMITTEE ALL THE FUNCTIONS AND POWERS OF THE BOARD,

SUBJECT TO THE GENERAL DIRECTION AND CONTROL OF THE BOARD.

(5) WHEN A VACANCY ON THE BOARD OCCURS OTHER THAN BY EXPIRATION OF TERM, THE REMAINING MEMBERS OF THE BOARD, EVEN THOUGH NOT A QUORUM, BY A MAJORITY VOTE, SHALL FILL THE UNEXPIRED TERM, UNLESS THE ARTICLES OR BYLAWS PROVIDE FOR AN ELECTION OF DIRECTORS BY DISTRICT, IN WHICH EVENT, UNLESS THE ARTICLES OR BYLAWS PROVIDE FOR A DIFFERENT PROCEDURE, THE BOARD SHALL IMMEDIATELY CALL A SPECIAL MEETING OF THE MEMBERS IN THE DISTRICT TO FILL THE VACANCY.

7-56-402. Officers - titles - election - duties and authority - removal.

(1) (a) THE BYLAWS SHALL PROVIDE FOR ONE OR MORE OFFICERS AND THE TITLES OF THOSE OFFICERS. THE OFFICES MAY INCLUDE A BOARD CHAIR, ONE OR MORE VICE-CHAIRS, A PRESIDENT, ONE OR MORE VICE-PRESIDENTS, A SECRETARY, A TREASURER, AND ASSISTANT OFFICERS OR OTHER OFFICERS. THE OFFICERS SHALL BE ELECTED BY THE BOARD OR IN ANY OTHER MANNER PRESCRIBED IN THE BYLAWS. AT LEAST ONE OFFICER SHALL BE A NATURAL PERSON AT LEAST EIGHTEEN YEARS OF AGE. AT LEAST ONE OFFICER SHALL BE A MEMBER OF THE BOARD. ONE INDIVIDUAL MAY SIMULTANEOUSLY HOLD MORE THAN ONE OFFICE, BUT MAY NOT CONCURRENTLY HOLD THE OFFICES OF PRESIDENT AND SECRETARY.

(b) THE BYLAWS OR BOARD OF EACH COOPERATIVE SHALL DESIGNATE ONE OR MORE OFFICERS RESPONSIBLE FOR PREPARING AND MAINTAINING THE MINUTES OF BOARD AND MEMBERSHIP MEETINGS AND ALL RECORDS REQUIRED TO BE KEPT BY SECTION 7-56-107 AND FOR AUTHENTICATING RECORDS.

(2) ALL OFFICERS AND AGENTS OF THE COOPERATIVE, AS BETWEEN THEMSELVES AND THE COOPERATIVE, SHALL HAVE SUCH AUTHORITY AND PERFORM SUCH DUTIES IN THE MANAGEMENT OF THE COOPERATIVE AS MAY BE PROVIDED IN THE BYLAWS, OR AS MAY BE DETERMINED BY RESOLUTION OF THE BOARD OF DIRECTORS NOT INCONSISTENT WITH FEDERAL, STATE, AND LOCAL LAW, THE ARTICLES, AND THE BYLAWS.

(3) UNLESS OTHERWISE PROVIDED IN THE ARTICLES OR BYLAWS, THE BOARD MAY REMOVE ANY OFFICER AT ANY TIME WITH OR WITHOUT CAUSE.

7-56-403. Procedures for meetings of the board of directors. (1) THE BOARD SHALL MEET AT LEAST ANNUALLY. THE BOARD MAY ESTABLISH A TIME AND PLACE FOR REGULAR BOARD MEETINGS, AND THEN MAY HOLD REGULAR BOARD MEETINGS AT SUCH TIMES WITHOUT NOTICE.

(2) SPECIAL MEETINGS OF THE BOARD SHALL REQUIRE AT LEAST TWO DAYS NOTICE OF THE DATE, TIME, AND PLACE. UNLESS OTHERWISE PROVIDED BY THE ARTICLES OR BYLAWS, PURPOSES OF A SPECIAL MEETING DO NOT HAVE TO BE STATED IN THE NOTICE OF ANY SPECIAL MEETING.

(3) A DIRECTOR'S ATTENDANCE AT A SPECIAL MEETING CONSTITUTES WAIVER OF THE NOTICE REQUIREMENT FOR THAT MEETING UNLESS THE DIRECTOR OBJECTS TO THE LACK OF OR METHOD OF NOTICE AND DOES NOT THEREAFTER PARTICIPATE IN THE MEETING OR IF NOTICE OF THE PURPOSE OF THE MEETING WAS REQUIRED BUT NOT GIVEN AND THE DIRECTOR OBJECTS TO THE TRANSACTION OF BUSINESS FOR THAT

PURPOSE AND DOES NOT THEREAFTER PARTICIPATE IN THE MEETING WITH RESPECT TO THAT PURPOSE.

(4) A DIRECTOR IS CONSIDERED TO HAVE ASSENTED TO AN ACTION OF THE BOARD UNLESS:

(a) THE DIRECTOR VOTES AGAINST IT OR ABSTAINS AND CAUSES THE ABSTENTION TO BE RECORDED IN THE MINUTES OF THE MEETING;

(b) THE DIRECTOR OBJECTS AT THE BEGINNING OF THE MEETING AND DOES NOT VOTE FOR IT LATER;

(c) THE DIRECTOR HAS HIS OR HER DISSENT RECORDED IN THE MINUTES;

(d) THE DIRECTOR DOES NOT ATTEND THE MEETING AT WHICH THE VOTE IS TAKEN;
OR

(e) THE DIRECTOR GIVES NOTICE OF HIS OR HER OBJECTION IN WRITING TO THE SECRETARY WITHIN TWENTY-FOUR HOURS AFTER THE MEETING.

(5) UNLESS OTHERWISE PROVIDED BY THE ARTICLES OR BYLAWS:

(a) THE BOARD MAY PERMIT ANY OR ALL DIRECTORS TO PARTICIPATE IN A REGULAR OR SPECIAL MEETING THROUGH THE USE OF ANY MEANS OF COMMUNICATION BY WHICH ALL DIRECTORS PARTICIPATING ARE ABLE TO COMMUNICATE SIMULTANEOUSLY WITH EACH OTHER DURING THE MEETING;

(b) ACTIONS OF THE BOARD MAY BE TAKEN WITHOUT A MEETING IF THE ACTION IS AGREED TO BY ALL MEMBERS OF THE BOARD AND IS EVIDENCED BY ONE OR MORE WRITTEN CONSENTS TOGETHER SIGNED BY ALL DIRECTORS AND FILED WITH THE CORPORATE RECORDS REFLECTING THE ACTION TAKEN;

(c) PURPOSES OF A SPECIAL MEETING DO NOT HAVE TO BE STATED IN THE NOTICE OF ANY SPECIAL MEETING, BUT AT LEAST TWO DAYS NOTICE OF THE DATE, TIME, AND PLACE SHALL BE GIVEN.

7-56-404. Removal of director by the membership or the board. (1) AT A MEETING CALLED EXPRESSLY FOR THAT PURPOSE, AS WELL AS ANY OTHER PROPER PURPOSE, A DIRECTOR MAY BE REMOVED BY THE MEMBERS IN THE MANNER PROVIDED IN THIS SECTION UPON AN AFFIRMATIVE VOTE OF A MAJORITY OF THE MEMBERS PRESENT AND VOTING IN PERSON OR IN ANY OTHER MANNER AUTHORIZED BY THE COOPERATIVE PURSUANT TO SECTION 7-56-305 (1) OR, IF REMOVAL OF A DIRECTOR IS BY THE BOARD, THEN BY A MAJORITY OF THE MEMBERS OF THE BOARD NOT SUBJECT TO REMOVAL.

(2) THE BOARD MAY REMOVE A DIRECTOR WHO DOES NOT MEET THE QUALIFICATIONS FOR BOARD MEMBERSHIP SET FORTH IN THE ARTICLES AND BYLAWS OF THE COOPERATIVE.

(3) THE MEMBERS MAY REMOVE ONE OR MORE DIRECTORS ONLY FOR CAUSE UNLESS THE ARTICLES OR BYLAWS ALLOW DIRECTORS TO BE REMOVED WITHOUT

CAUSE.

(4) REMOVAL OF DIRECTORS BY THE VOTE OF THE MEMBERS SHALL BE INITIATED BY WRITTEN PETITION SIGNED BY AT LEAST TEN PERCENT OF THE MEMBERS STATING THE ALLEGED CAUSES OR REASONS FOR REMOVING THE DIRECTOR. NO PETITION SHALL SEEK REMOVAL OF MORE THAN ONE DIRECTOR.

(5) WITHIN NINETY DAYS AFTER RECEIPT OF A PETITION MEETING THE REQUIREMENTS OF SUBSECTION (4) OF THIS SECTION, THE BOARD SHALL SCHEDULE THE REMOVAL VOTE AT A REGULAR OR SPECIAL MEETING OF THE MEMBERSHIP UPON DETERMINATION BY THE BOARD, IF NECESSARY, THAT CAUSE HAS BEEN STATED. ANY DETERMINATION OF CAUSE SHALL BE MADE BY A MAJORITY OF THE DIRECTORS NOT SUBJECT TO REMOVAL PETITIONS. IF MORE THAN A MAJORITY OF THE BOARD IS SUBJECT TO REMOVAL PETITIONS, THEN THE MATTER SHALL BE PROMPTLY REFERRED TO AN ATTORNEY WHO HAS BEEN DULY LICENSED TO PRACTICE LAW IN COLORADO FOR AT LEAST FIVE YEARS AND WHO HAS NOT PREVIOUSLY REPRESENTED THE COOPERATIVE. THE ATTORNEY'S DETERMINATION OF WHETHER CAUSE HAS BEEN STATED SHALL BE FINAL FOR THE PURPOSE OF WHETHER TO SCHEDULE A VOTE ON REMOVAL.

(6) ANY DIRECTOR SUBJECT TO A REMOVAL PETITION UNDER ANY PROVISION OF THIS SECTION SHALL BE PROMPTLY INFORMED IN WRITING BY THE BOARD AND SHALL HAVE THE OPPORTUNITY, IN PERSON AND BY COUNSEL, TO BE HEARD AND PRESENT EVIDENCE AT THE MEETING CALLED FOR THE VOTE. THE PERSONS SEEKING REMOVAL SHALL HAVE THE SAME OPPORTUNITY.

7-56-405. Removal of director by judicial proceeding. (1) A DIRECTOR MAY BE REMOVED BY THE DISTRICT COURT OF THE COUNTY IN THIS STATE WHERE A COOPERATIVE'S PRINCIPAL OFFICE IS LOCATED OR, IF THE COOPERATIVE HAS NO PRINCIPAL OFFICE IN THIS STATE, BY THE DISTRICT COURT OF THE COUNTY IN WHICH ITS REGISTERED OFFICE IS LOCATED, IN A PROCEEDING COMMENCED EITHER BY THE COOPERATIVE OR BY AT LEAST TEN PERCENT OF THE MEMBERS, IF THE COURT FINDS THAT THE DIRECTOR ENGAGED IN FRAUDULENT OR DISHONEST CONDUCT OR GROSS ABUSE OF AUTHORITY OR DISCRETION WITH RESPECT TO THE COOPERATIVE, AND THAT REMOVAL IS IN THE BEST INTERESTS OF THE COOPERATIVE.

(2) IF THE MEMBERS COMMENCE A PROCEEDING UNDER SUBSECTION (1) OF THIS SECTION, THEY SHALL MAKE THE COOPERATIVE A PARTY DEFENDANT.

(3) THE COURT THAT REMOVES A DIRECTOR MAY BAR THE DIRECTOR FROM REELECTION FOR A PERIOD PRESCRIBED BY THE COURT.

7-56-406. Indemnification and personal liability of directors, officers, employees, and agents. (1) UNLESS LIMITED IN THE COOPERATIVE'S ARTICLES, THE COOPERATIVE SHALL HAVE THE SAME POWERS, RIGHTS, AND OBLIGATIONS AND SHALL BE SUBJECT TO THE SAME LIMITATIONS WITH RESPECT TO INDEMNIFICATION AND PERSONAL LIABILITY OF DIRECTORS, OFFICERS, EMPLOYEES, AND AGENTS AS APPLY TO CORPORATIONS FOR PROFIT AS SET FORTH IN ARTICLE 109 OF THIS TITLE. COOPERATIVE DIRECTORS, OFFICERS, EMPLOYEES, AND AGENTS SHALL HAVE THE SAME RIGHTS AS DIRECTORS, OFFICERS, EMPLOYEES, AND AGENTS OF CORPORATIONS FOR PROFIT AS SET FORTH IN ARTICLE 109 OF THIS TITLE. FOR PURPOSES OF THIS

SECTION, ANY REFERENCE TO SHAREHOLDERS HAVING THE RIGHT TO VOTE IN ARTICLE 109 OF THIS TITLE SHALL BE CONSTRUED TO REFER TO MEMBERS OF THE COOPERATIVE HAVING THE RIGHT TO VOTE.

(2) (a) THE ARTICLES MAY ELIMINATE OR LIMIT THE LIABILITY OF A DIRECTOR OF THE COOPERATIVE TO THE COOPERATIVE OR ITS MEMBERS FOR MONETARY DAMAGES FOR ANY BREACH OF THE DUTY OF CARE ARISING AFTER THE DATE THE PROVISION IN THE ARTICLES BECAME EFFECTIVE, INCLUDING THE EFFECTIVE DATE OF ANY PROVISION ADOPTED UNDER A PRIOR STATUTE, EXCEPT ANY ACTS OR OMISSIONS IN BAD FAITH OR THAT INVOLVE INTENTIONAL MISCONDUCT OR A KNOWING VIOLATION OF LAW; ANY TRANSACTION FROM WHICH THE DIRECTOR DERIVED AN IMPROPER PERSONAL BENEFIT; ANY UNLAWFUL LIQUIDATING DISTRIBUTIONS OF ASSETS TO MEMBERS, UNLAWFUL LOANS TO DIRECTORS, OR UNLAWFUL GUARANTEES OF LOANS TO DIRECTORS; UNLAWFUL DIVIDENDS; UNLAWFUL STOCK OR OTHER EQUITY REPURCHASES; OR ANY OTHER UNLAWFUL DISTRIBUTION THAT WAS VOTED FOR OR ASSENTED TO IF THE DIRECTOR DID NOT ACT IN CONFORMANCE WITH THE STANDARD OF CARE AS SET FORTH IN SECTION 7-108-401.

(b) NO PROVISION PURSUANT TO PARAGRAPH (a) OF THIS SUBSECTION (2) SHALL ELIMINATE OR LIMIT THE LIABILITY OF A DIRECTOR OR OFFICER TO THE COOPERATIVE OR ITS MEMBERS FOR MONETARY DAMAGES FOR ANY ACT OR OMISSION OCCURRING PRIOR TO THE DATE WHEN SUCH PROVISION BECOMES EFFECTIVE.

(c) A DISTRIBUTION OF STOCK OR OTHER EQUITY REPURCHASE IS UNLAWFUL IF IT RENDERS THE COOPERATIVE UNABLE TO PAY ITS DEBTS AS THEY BECOME DUE IN THE USUAL COURSE OF BUSINESS OR, UNLESS THE ARTICLES PERMIT OTHERWISE, CAUSES THE ASSETS TO BE LESS THAN THE LIABILITIES PLUS THE AMOUNT NECESSARY TO SATISFY THE INTERESTS OF THE HOLDERS OF SECURITIES OR OTHER EQUITY CAPITAL PREFERENTIAL TO THOSE RECEIVING THE DISTRIBUTION, IF DISSOLVED AT THE TIME OF THE DISTRIBUTION.

(d) NO DIRECTOR OR OFFICER SHALL BE PERSONALLY LIABLE FOR ANY TORT COMMITTED BY AN EMPLOYEE UNLESS THE DIRECTOR OR OFFICER WAS PERSONALLY INVOLVED.

7-56-407. Persons to be bonded. AT THE DISCRETION OF THE BOARD OF A COOPERATIVE, ANY OFFICER, EMPLOYEE, OR AGENT HANDLING FUNDS OR NEGOTIABLE INSTRUMENTS OR PROPERTY OF OR FOR THE COOPERATIVE MAY BE BONDED FOR THE FAITHFUL PERFORMANCE OF THE PERSON'S DUTIES AND OBLIGATIONS.

7-56-408. Registered office and registered agent. (1) (a) EACH COOPERATIVE ORGANIZED UNDER THIS ARTICLE SHALL CONTINUOUSLY MAINTAIN IN THIS STATE A REGISTERED OFFICE AND A REGISTERED AGENT. THE AGENT MAY BE A NATURAL PERSON RESIDING IN, A CORPORATION OF, OR A FOREIGN CORPORATION AUTHORIZED TO CONDUCT BUSINESS IN THIS STATE, IF THE AGENT'S BUSINESS OFFICE IS IDENTICAL TO THE COOPERATIVE'S REGISTERED OFFICE. IF THE REGISTERED AGENT IS A CORPORATION OR OTHER ENTITY, THE BOARD OF THE CORPORATION OR THE GOVERNING AUTHORITY OF THE OTHER ENTITY SHALL DESIGNATE A NATURAL PERSON OR PERSONS TO ACT AS THE REPRESENTATIVE OF THE CORPORATION OR OTHER NONNATURAL ENTITY.

(b) THE REGISTERED AGENT IS THE AGENT FOR SERVICE OF PROCESS, NOTICE, OR DEMAND REQUIRED OR PERMITTED BY LAW TO BE SERVED ON THE COOPERATIVE.

(c) IF THE COOPERATIVE HAS NO REGISTERED AGENT OR THE AGENT CANNOT WITH REASONABLE DILIGENCE BE SERVED, THE COOPERATIVE'S BOARD SECRETARY OR, IF THERE IS NONE, THE COOPERATIVE'S OFFICER DESIGNATED TO MAINTAIN THE COOPERATIVE'S RECORDS PURSUANT TO SECTION 7-56-402 (1) (b) MAY BE SERVED WHEREVER SUCH OFFICER MAY BE FOUND.

(2) A COOPERATIVE MAY CHANGE ITS REGISTERED OFFICE OR REGISTERED AGENT BY DELIVERING TO THE SECRETARY OF STATE FOR FILING AN ORIGINAL AND TWO EXACT OR CONFORMED COPIES OF A STATEMENT OF CHANGE, THE ORIGINAL OF WHICH SHALL BE ORIGINALLY SIGNED BY AN OFFICER OF THE COOPERATIVE, THAT SETS FORTH:

(a) THE COOPERATIVE'S NAME;

(b) THE STREET ADDRESS OF ITS CURRENT REGISTERED OFFICE;

(c) IF THE REGISTERED OFFICE IS TO BE CHANGED, THE STREET ADDRESS OF THE NEW REGISTERED OFFICE;

(d) THE NAME OF ITS CURRENT REGISTERED AGENT;

(e) IF THE REGISTERED AGENT IS TO BE CHANGED, THE NAME OF THE NEW REGISTERED AGENT; AND

(f) THAT, AFTER THE CHANGE OR CHANGES ARE MADE, THE STREET ADDRESS OF THE COOPERATIVE'S REGISTERED OFFICE AND OF THE OFFICE OF ITS REGISTERED AGENT WILL BE IDENTICAL.

(3) (a) THE REGISTERED AGENT OF A COOPERATIVE MAY RESIGN THE AGENCY BY DELIVERING TO THE SECRETARY OF STATE FOR FILING A STATEMENT OF RESIGNATION, WHICH SHALL BE ACCOMPANIED BY TWO EXACT OR CONFORMED COPIES THEREOF. THE STATEMENT OF RESIGNATION MAY INCLUDE A STATEMENT THAT THE REGISTERED OFFICE IS ALSO DISCONTINUED.

(b) THE AGENCY APPOINTMENT IS TERMINATED, AND THE REGISTERED OFFICE DISCONTINUED IF SO PROVIDED, ON THE THIRTY-FIRST DAY AFTER THE DATE ON WHICH THE STATEMENT OF RESIGNATION IS FILED.

(4) AFTER FILING THE STATEMENT OF CHANGE OR OF RESIGNATION, THE SECRETARY OF STATE SHALL DELIVER ONE COPY TO THE REGISTERED OFFICE OF THE COOPERATIVE AND THE OTHER COPY TO THE PRINCIPAL OFFICE OF THE COOPERATIVE AS SHOWN IN THE RECORDS OF THE SECRETARY OF STATE.

PART 5

POWERS AND PURPOSES: APPLICATION OF OTHER LAWS

7-56-501. Powers. (1) EVERY COOPERATIVE HAS THE POWER, EXCEPT AS SPECIFICALLY LIMITED BY THIS ARTICLE OR BY ITS OWN ARTICLES OR BYLAWS:

(a) TO HAVE PERPETUAL EXISTENCE AND SUCCESSION BY ITS CORPORATE NAME UNLESS LIMITED BY THE ARTICLES;

(b) TO SUE AND BE SUED AND TO COMPLAIN AND DEFEND IN COURTS OF LAW AND EQUITY;

(c) TO MAKE AND USE A COMMON SEAL, ALTER THE SAME AT ITS PLEASURE, AND TO USE SUCH SEAL OR A FACSIMILE THEREOF, INCLUDING A RUBBER STAMP, BY IMPRESSING OR AFFIXING IT OR BY REPRODUCING IT IN ANY OTHER MANNER;

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

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

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

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

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

(i) TO BE A PARTNER, MEMBER, ASSOCIATE, TRUSTEE, PROMOTER OR MANAGER OF, OR TO HOLD ANY SIMILAR POSITION WITH, ANY ENTITY;

(j) TO CONDUCT ITS BUSINESS, LOCATE OFFICES, AND EXERCISE THE POWERS GRANTED BY THIS ARTICLE WITHIN OR OUTSIDE THIS STATE;

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

(l) TO PAY PENSIONS AND ESTABLISH PENSION PLANS, PENSION TRUSTS, PROFIT SHARING PLANS, SHARE BONUS PLANS, SHARE OPTIONS AND RIGHTS PLANS, AND BENEFIT OR INCENTIVE PLANS FOR ANY OR ALL OF ITS CURRENT OR FORMER DIRECTORS, OFFICERS, EMPLOYEES, AND AGENTS;

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

(n) TO REGULATE AND LIMIT THE RIGHT OF MEMBERS TO TRANSFER THEIR MEMBERSHIPS, STOCK, OR OTHER EQUITY;

(o) TO MAKE AND AMEND ITS ARTICLES AND BYLAWS FOR THE MANAGEMENT OF ITS AFFAIRS AND TO MAKE PROVISIONS IN ITS ARTICLES FOR THE TERMS AND LIMITATIONS OF STOCK OWNERSHIP OR MEMBERSHIP AND FOR THE DISTRIBUTION OF ITS EARNINGS;

(p) TO INDEMNIFY ITS DIRECTORS, OFFICERS, EMPLOYEES, AND AGENTS TO THE EXTENT PROVIDED OR PERMITTED IN THIS ARTICLE AND TO ELIMINATE OR LIMIT THE PERSONAL LIABILITY OF A DIRECTOR, OFFICERS, EMPLOYEES, OR AGENTS OF THE COOPERATIVE, AS PROVIDED IN ACCORDANCE WITH SECTION 7-56-406; HOWEVER, NO SUCH PROVISION SHALL ELIMINATE OR LIMIT THE LIABILITY OF A DIRECTOR OR OFFICER TO THE ASSOCIATION OR TO ITS MEMBERS FOR MONETARY DAMAGES FOR ANY ACT OR OMISSION OCCURRING PRIOR TO THE EFFECTIVE DATE OF SUCH PROVISION;

(q) TO ESTABLISH IN ITS BYLAWS PROCEDURES FOR THE DISPOSITION OF FUNDS WHEN DECLARED PAYABLE BY THE COOPERATIVE AND UNCLAIMED BY THE HOLDER THREE YEARS AFTER NOTIFICATION HAS BEEN MAILED TO THE HOLDER'S LAST-KNOWN ADDRESS OF RECORD ON THE BOOKS OF THE COOPERATIVE, WHICH DISPOSITION MAY CONSIST OF TRANSFERRING THE FUNDS TO THE GENERAL OPERATING ACCOUNT OF THE COOPERATIVE;

(r) TO ESTABLISH, SECURE, OWN, AND DEVELOP PATENTS, TRADEMARKS, AND COPYRIGHTS;

(s) TO MAKE ADVANCE PAYMENTS AND ADVANCES TO MEMBERS;

(t) TO ACT AS THE AGENT OR REPRESENTATIVE OF ANY MEMBER FOR ANY LAWFUL PURPOSE OR IN ANY LAWFUL TRANSACTION OF THE COOPERATIVE;

(u) TO PURCHASE OR OTHERWISE ACQUIRE AND TO HOLD, OWN, AND EXERCISE ALL RIGHTS OF OWNERSHIP IN, AND TO SELL, TRANSFER, OR PLEDGE OR GUARANTEE THE PAYMENT OF DIVIDENDS OR INTEREST ON, OR THE RETIREMENT OR REDEMPTION OF SHARES OF THE STOCK OR BONDS OF ANY PERSON ENGAGED IN ANY LAWFUL ACTIVITY;

(v) TO ALLOCATE EARNINGS AND PAY PATRONAGE DIVIDENDS;

(w) TO USE PER UNIT RETAINS;

(x) TO PROHIBIT OR PLACE LIMITATIONS ON AMOUNTS OR RATES OF DIVIDENDS PAYABLE ON ANY CLASS OF CAPITAL STOCK OR OTHER EQUITY INVESTMENT IN THE COOPERATIVE;

(y) TO ENGAGE IN ANY ACTIVITY IN CONNECTION WITH THE PURCHASE, HIRING, OR USE BY ITS MEMBERS OR OTHER PATRONS OF GOODS, SERVICES, PRODUCTS, EQUIPMENT, SUPPLIES, UTILITIES, TELECOMMUNICATIONS, HOUSING, OR HEALTH CARE;

(z) TO ESTABLISH AMOUNTS FOR REASONABLE AND NECESSARY RESERVES FOR BAD DEBTS, OBSOLESCENCE, GRAIN, QUALITY AND GRADE, CONTINGENT LOSSES, WORKING CAPITAL, DEBT RETIREMENT, BUILDINGS AND EQUIPMENT, AND OWNERSHIP RETIREMENT AND TO PROVIDE THAT NO MEMBER OR OTHER PERSON ENTITLED TO SHARE IN THE ALLOCATION OF THE COOPERATIVE'S NET MARGINS OR OTHER FUNDS SHALL HAVE ANY RIGHTS EXCEPT UPON DISSOLUTION WHEN THE ENTIRE RESERVE FUNDS OF THE COOPERATIVE SHALL BE DISTRIBUTED IN ACCORDANCE WITH

APPLICABLE FEDERAL, STATE, AND LOCAL LAW AND THE ARTICLES AND BYLAWS OF THE COOPERATIVE;

(aa) TO MANUFACTURE, SELL, OR SUPPLY GOODS, MACHINERY, EQUIPMENT, SUPPLIES, OR SERVICES TO ITS MEMBERS AND TO OTHER PATRONS OR PERSONS;

(bb) TO FINANCE ONE OR MORE OF THE ACTIVITIES IN THIS SECTION; AND

(cc) TO PERFORM EVERY OTHER FORM OR TYPE OF ACT THAT IS NECESSARY OR PROPER FOR ACCOMPLISHING ANY LAWFUL PURPOSE OF THE COOPERATIVE NOT PROHIBITED TO IT BY LAW OR ITS ARTICLES AND BYLAWS OR THAT IS CONDUCTIVE TO OR EXPEDIENT FOR THE INTEREST OR BENEFIT OF THE COOPERATIVE.

(2) IN ADDITION TO THE POWERS GRANTED IN SUBSECTION (1) OF THIS SECTION, EACH AGRICULTURAL COOPERATIVE INCORPORATED UNDER THIS ARTICLE HAS THE FOLLOWING POWERS:

(a) TO ENGAGE IN ANY ACTIVITY IN CONNECTION WITH THE MARKETING, SELLING, PRESERVING, RAISING, HARVESTING, DRYING, PROCESSING, MANUFACTURING, CANNING, PACKING, GRADING, STORING, HANDLING, AND UTILIZATION OF ANY PRODUCTS, BY-PRODUCTS, OR SERVICES PRODUCED OR DELIVERED TO THE COOPERATIVE BY ITS MEMBERS OR OTHER PATRONS;

(b) TO ENGAGE IN ANY ACTIVITY IN CONNECTION WITH AGRICULTURAL EDUCATION AND RESEARCH AND TO REPRESENT ITS MEMBERS' INTERESTS IN LEGISLATIVE AND ADMINISTRATIVE FORUMS.

(3) IN ADDITION TO THE POWERS SPECIFICALLY GIVEN IN THIS ARTICLE, A COOPERATIVE HAS ALL POWERS, RIGHTS, AND PRIVILEGES GRANTED BY THE LAWS OF THIS STATE TO CORPORATIONS FOR PROFIT OR NOT FOR PROFIT THAT ARE NOT INCONSISTENT WITH THE PROVISIONS OF THIS ARTICLE.

(4) THE POWERS ENUMERATED IN THIS ARTICLE SHALL VEST IN EVERY COOPERATIVE IN THIS STATE ORGANIZED UNDER THIS ARTICLE, OR WHICH HAS ELECTED TO BE SUBJECT TO THIS ARTICLE, ALTHOUGH THEY MAY NOT BE SPECIFIED IN ITS CHARTER OR IN ITS ARTICLES.

7-56-502. Marketing or purchasing contracts. COOPERATIVES LIMITING MEMBERSHIP TO AGRICULTURAL PRODUCERS MAY MAKE AND EXECUTE MARKETING OR PURCHASING CONTRACTS REQUIRING THE MEMBERS TO SELL OR PURCHASE, FOR ANY PERIOD OF TIME NOT OVER TEN YEARS, ALL OR ANY SPECIFIED PART OF THEIR AGRICULTURAL PRODUCTS OR SPECIFIED COMMODITIES, GOODS, SERVICES, OR INPUT SUPPLIES EXCLUSIVELY TO OR THROUGH THE COOPERATIVE OR ANY FACILITIES UTILIZED OR TO BE CREATED BY THE COOPERATIVE. IF SUCH PRODUCERS CONTRACT TO SELL TO THE COOPERATIVE, IT SHALL BE CONCLUSIVELY HELD THAT TITLE TO THE PRODUCTS PASSES ABSOLUTELY AND UNRESERVEDLY, EXCEPT FOR RECORDED LIENS, TO THE COOPERATIVE UPON DELIVERY OR AT ANY OTHER SPECIFIED TIME IF EXPRESSLY AND DEFINITELY AGREED TO IN THE CONTRACT. THE CONTRACT MAY PROVIDE, AMONG OTHER THINGS, THAT THE COOPERATIVE MAY SELL OR RESELL THE PRODUCTS DELIVERED BY ITS MEMBERS WITH OR WITHOUT TAKING TITLE TO THE PRODUCTS AND PAY OVER TO ITS MEMBERS THE RESALE PRICE, AFTER DEDUCTING ALL

NECESSARY SELLING, OVERHEAD, AND OTHER COSTS AND EXPENSES, INCLUDING INTEREST OR DIVIDENDS ON STOCK WHICH SHALL NOT EXCEED EIGHT PERCENT PER ANNUM, AND RESERVES FOR PROPER PURPOSES.

7-56-503. Remedies for breach of marketing or purchasing contract. (1) THE BYLAWS OR THE MARKETING OR PURCHASING CONTRACTS OF AN AGRICULTURAL COOPERATIVE MAY FIX AS LIQUIDATED DAMAGES SPECIFIC SUMS TO BE PAID BY A MEMBER TO THE COOPERATIVE UPON THE BREACH BY THE MEMBER OF ANY PROVISION OF THE MARKETING OR PURCHASING CONTRACT REGARDING THE SALE, PURCHASE, RECEIPT, OR DELIVERY OR WITHHOLDING OF PRODUCTS OR OTHER GOODS AND MAY FURTHER PROVIDE THAT THE MEMBER WILL PAY ALL COSTS, PREMIUMS FOR BONDS, EXPENSES, AND FEES IF ANY ACTION IS BROUGHT UPON THE CONTRACT BY THE COOPERATIVE. ALL SUCH PROVISIONS SHALL BE VALID AND ENFORCEABLE IN THE COURTS OF THIS STATE, AND CLAUSES PROVIDING FOR LIQUIDATED DAMAGES SHALL BE ENFORCEABLE AS SUCH AND SHALL NOT BE REGARDED AS PENALTIES.

(2) IN THE EVENT OF ANY BREACH OR THREATENED BREACH OF A MARKETING OR PURCHASING CONTRACT BY A MEMBER, THE COOPERATIVE SHALL BE ENTITLED TO AN INJUNCTION TO PREVENT THE FURTHER BREACH OF THE CONTRACT AND TO A DECREE OF SPECIFIC PERFORMANCE OF THE CONTRACT. PENDING THE ADJUDICATION OF THE ACTION AND UPON FILING A SUFFICIENT BOND AND VERIFIED COMPLAINT SHOWING THE BREACH OR THREATENED BREACH, THE COOPERATIVE SHALL BE ENTITLED TO A TEMPORARY RESTRAINING ORDER AND PRELIMINARY INJUNCTION AGAINST THE MEMBER.

(3) IN ANY ACTION UPON A MARKETING CONTRACT, IT SHALL BE CONCLUSIVELY PRESUMED THAT A LANDOWNER, LANDLORD, OR LESSOR IS ABLE TO CONTROL THE DELIVERY OF PRODUCTS OR OTHER GOODS PRODUCED ON SUCH LANDOWNER'S, LANDLORD'S, OR LESSOR'S LAND BY TENANTS OR OTHERS WHOSE TENANCY OR POSSESSION OR WORK ON SUCH LAND OR THE TERMS OF WHOSE TENANCY OR POSSESSION OR LABOR ON SUCH LAND WAS CREATED OR CHANGED AFTER EXECUTION BY THE LANDOWNER, LANDLORD, OR LESSOR OF SUCH MARKETING CONTRACT. THE REMEDIES PROVIDED IN THIS SECTION FOR NONDELIVERY OR BREACH SHALL LIE AND BE ENFORCEABLE AGAINST SUCH LANDOWNER, LANDLORD, OR LESSOR IN ANY SUCH ACTION UPON A MARKETING CONTRACT.

7-56-504. Inducing breach of marketing or purchasing contract. ANY PERSON WHO KNOWINGLY INDUCES ANY MEMBER OF AN AGRICULTURAL COOPERATIVE ORGANIZED UNDER THIS ARTICLE, OR UNDER SIMILAR STATUTES OF OTHER STATES WITH SIMILAR RESTRICTIONS AND RIGHTS AND OPERATING IN THIS STATE, TO BREAK THE MEMBER'S MARKETING OR PURCHASING CONTRACT OR AGREEMENT WITH THE COOPERATIVE SHALL BE SUBJECT TO ALL AVAILABLE CIVIL REMEDIES, INCLUDING BUT NOT LIMITED TO INJUNCTIVE RELIEF.

7-56-505. Purchases of property or other interests. IF A COOPERATIVE WITH PREFERRED STOCK OR PREFERRED EQUITY PURCHASES OR OTHERWISE ACQUIRES ANY INTEREST IN ANY PROPERTY, STOCK, OR INTEREST IN ANOTHER ENTITY, IT MAY, WITH THE CONSENT OF THE PERSON OR PERSONS FROM WHOM THE PROPERTY OR INTERESTS ARE BEING ACQUIRED, DISCHARGE THE OBLIGATIONS INCURRED IN THE PURCHASE OR OTHER ACQUISITION, WHOLLY OR IN PART, BY EXCHANGING FOR THE ACQUIRED PROPERTY, STOCK, OR INTEREST SHARES OR AMOUNTS OF ITS PREFERRED STOCK OR

PREFERRED EQUITY IN AN AMOUNT THAT, AT PAR OR STATED VALUE, WOULD EQUAL THE VALUE OF THE PROPERTY, STOCK, OR INTEREST SO PURCHASED, AS DETERMINED BY THE BOARD. A TRANSFER TO THE COOPERATIVE OF THE PROPERTY, STOCK, OR INTEREST PURCHASED OR OTHERWISE ACQUIRED SHALL BE EQUIVALENT TO PAYMENT IN CASH FOR THE SHARES OR AMOUNTS OF PREFERRED STOCK OR PREFERRED EQUITY ISSUED BY THE COOPERATIVE.

7-56-506. Warehouse receipts - interest in warehouse entities. IF A COOPERATIVE ORGANIZED UNDER OR WHICH HAS ELECTED TO BE SUBJECT TO THIS ARTICLE ORGANIZES, FORMS, OPERATES, OWNS, CONTROLS, HAS AN INTEREST IN, OWNS STOCK OF, OR IS A MEMBER OF ANY COMMODITIES WAREHOUSE, THE WAREHOUSE MAY ISSUE LEGAL WAREHOUSE RECEIPTS TO THE COOPERATIVE AGAINST THE COMMODITIES DELIVERED BY IT OR TO ANY OTHER PERSON, AND ANY LEGAL WAREHOUSE RECEIPT SHALL BE CONSIDERED AS ADEQUATE COLLATERAL TO THE EXTENT OF THE USUAL AND CURRENT VALUE OF THE COMMODITY REPRESENTED BY THE RECEIPT. IF THE WAREHOUSE IS LICENSED OR LICENSED AND BONDED UNDER THE LAWS OF THIS STATE, ANY OTHER STATE, OR THE UNITED STATES, ITS WAREHOUSE RECEIPT DELIVERED TO THE COOPERATIVE ON COMMODITIES OF THE COOPERATIVE OR ITS MEMBERS OR DELIVERED BY THE COOPERATIVE OR ITS MEMBERS SHALL NOT BE CHALLENGED OR DISCRIMINATED AGAINST BECAUSE OF OWNERSHIP OR CONTROL, WHOLLY OR IN PART, BY THE COOPERATIVE.

7-56-507. Application of other laws. (1) IF A MATTER IS NOT ADDRESSED IN THIS ARTICLE, THE "COLORADO BUSINESS CORPORATION ACT", ARTICLES 101 TO 117 OF THIS TITLE, SHALL APPLY TO THE COOPERATIVES ORGANIZED UNDER OR SUBJECT TO THIS ARTICLE; EXCEPT THAT A COOPERATIVE MAY ELECT TO HAVE THE PROVISIONS OF THE "COLORADO NONPROFIT CORPORATION ACT", ARTICLES 20 TO 29 OF THIS TITLE, APPLY TO IT IF SUCH COOPERATIVE DOES SO IN ITS ARTICLES OR BY A RESOLUTION OF ITS MEMBERS FILED WITH THE SECRETARY OF STATE. A COOPERATIVE MAY REVOKE SUCH ELECTION BY AMENDING ITS ARTICLES OR BY FILING A RESOLUTION OF ITS MEMBERS WITH THE SECRETARY OF STATE.

(2) ANY EXEMPTIONS UNDER ANY EXISTING LAWS APPLYING TO GOODS OR AGRICULTURAL PRODUCTS IN THE POSSESSION OR UNDER THE CONTROL OF AN INDIVIDUAL PRODUCER SHALL APPLY SIMILARLY AND COMPLETELY TO SUCH GOODS OR PRODUCTS WHEN DELIVERED BY ITS MEMBERS TO, AND IN THE POSSESSION OR UNDER THE CONTROL OF, THE COOPERATIVE.

7-56-508. Cooperatives not in restraint of trade. NO COOPERATIVE ORGANIZED UNDER OR SUBJECT TO THIS ARTICLE SHALL SOLELY BY ITS ORGANIZATION AND EXISTENCE BE DEEMED TO BE A CONSPIRACY OR A COMBINATION IN RESTRAINT OF TRADE, AN ILLEGAL MONOPOLY, OR AN ATTEMPT TO LESSEN COMPETITION OR TO FIX PRICES ARBITRARILY, NOR SHALL THE MARKETING OR PURCHASING CONTRACTS AND AGREEMENTS BETWEEN ANY COOPERATIVE AND ITS MEMBERS OR ANY AGREEMENTS AUTHORIZED IN THIS ARTICLE BE CONSIDERED ILLEGAL AS SUCH, IN UNLAWFUL RESTRAINT OF TRADE, OR AS PART OF A CONSPIRACY OR COMBINATION TO ACCOMPLISH AN IMPROPER OR ILLEGAL PURPOSE.

7-56-509. Exemption from securities laws. ANY SECURITY, PATRONAGE REFUND, PER UNIT RETAIN CERTIFICATE, CAPITAL CREDIT, EVIDENCE OF MEMBERSHIP, PREFERRED EQUITY CERTIFICATE, OR OTHER EQUITY INSTRUMENT ISSUED, SOLD, OR

REPORTED BY A COOPERATIVE AS AN INVESTMENT IN ITS STOCK OR CAPITAL TO THE PATRONS OF A COOPERATIVE ORGANIZED UNDER OR SUBJECT TO THIS ARTICLE OR A SIMILAR LAW OF ANY OTHER STATE AND QUALIFIED TO DO BUSINESS IN THIS STATE IS EXEMPT FROM THE SECURITIES LAWS CONTAINED IN THE "COLORADO SECURITIES ACT", ARTICLE 51 OF TITLE 11, C.R.S. SUCH SECURITIES, PATRONAGE REFUNDS, PER UNIT RETAIN CERTIFICATES, CAPITAL CREDITS, OR EVIDENCES OF MEMBERSHIP, PREFERRED EQUITY CERTIFICATES OR OTHER EQUITY INSTRUMENTS MAY BE ISSUED, SOLD, OR REPORTED LAWFULLY BY THE ISSUER OR ITS DIRECTORS, OFFICERS, MEMBERS, OR SALARIED EMPLOYEES WITHOUT THE NECESSITY OF THE ISSUER OR ITS DIRECTORS, OFFICERS, MEMBERS, OR EMPLOYEES BEING REGISTERED AS BROKERS OR DEALERS UNDER THE "COLORADO SECURITIES ACT", ARTICLE 51 OF TITLE 11, C.R.S.

PART 6

PROPERTY ENCUMBRANCES, BUSINESS COMBINATIONS, AND PROPERTY SALES

7-56-601. Encumbering property. THE BOARD OF A COOPERATIVE HAS FULL POWER AND AUTHORITY, WITHOUT APPROVAL OF ITS MEMBERS, TO MORTGAGE, PLEDGE, ENCUMBER, DEDICATE TO THE REPAYMENT OF INDEBTEDNESS, WHETHER WITH OR WITHOUT RECOURSE, OR OTHERWISE ENCUMBER ANY OR ALL OF THE COOPERATIVE'S PROPERTY, WHETHER OR NOT IN THE USUAL AND REGULAR COURSE OF BUSINESS, AND TO EXECUTE AND DELIVER MORTGAGES, DEEDS OF TRUST, SECURITY AGREEMENTS, OR OTHER INSTRUMENTS FOR SUCH PURPOSES.

7-56-602. Merger or consolidation or share or equity capital exchange.
(1) ONE OR MORE COOPERATIVES FORMED UNDER OR THAT HAS ELECTED TO BE SUBJECT TO THIS ARTICLE MAY BE MERGED, CONSOLIDATED, OR SHARES OR EQUITY CAPITAL EXCHANGED WITH ANOTHER DOMESTIC COOPERATIVE OR ANOTHER DOMESTIC ENTITY UPON SUCH TERMS, FOR SUCH PURPOSE, AND BY SUCH NAME AS MAY BE AGREED UPON.

(2) (a) WITH RESPECT TO A COOPERATIVE THAT IS A PARTY TO A PLAN OF MERGER, CONSOLIDATION, OR SHARE OR EQUITY CAPITAL EXCHANGE, UNLESS A DIFFERENT VOTE IS REQUIRED BY THE ARTICLES OR BYLAWS, THE PLAN SHALL BE APPROVED BY A TWO-THIRDS MAJORITY OF ALL THE MEMBERS OF THE BOARD OF THE COOPERATIVE AND BY A TWO-THIRDS MAJORITY OF THE MEMBERS PRESENT AND VOTING IN PERSON OR IN ANY OTHER MANNER AUTHORIZED BY THE COOPERATIVE PURSUANT TO SECTION 7-56-305 (1). IF A HIGHER OR LOWER PERCENTAGE VOTE OF MEMBERS IS REQUIRED BY THE ARTICLES OR BYLAWS FOR APPROVAL, NOT LESS THAN A MAJORITY OF THOSE PRESENT AND VOTING IN PERSON OR IN ANY OTHER MANNER AUTHORIZED BY THE COOPERATIVE PURSUANT TO SECTION 7-56-305 (1) NOR MORE THAN A TWO-THIRDS MAJORITY OF ALL VOTING MEMBERS OF THE COOPERATIVE SHALL BE REQUIRED.

(b) A COOPERATIVE SHALL NOT PERMIT PROPORTIONAL VOTING TO APPLY TO A VOTE OF MEMBERS ON A PLAN OF MERGER, CONSOLIDATION, OR SHARE OR EQUITY CAPITAL EXCHANGE PURSUANT TO THIS SECTION.

(c) IF VOTING BY MAIL IS PERMITTED, THE NOTICE OF THE MEETING SHALL BE MAILED TO EACH MEMBER AND HAVE A MAIL BALLOT ATTACHED TO IT.

(d) A COOPERATIVE MAY ESTABLISH DIFFERENT REQUIREMENTS FOR PLANS

BETWEEN OR AMONG TWO OR MORE COOPERATIVES AND FOR PLANS WHERE A NONCOOPERATIVE ENTITY IS A PARTY TO THE PLAN.

(e) THE VOTE REQUIRED FOR APPROVAL OF A PLAN BY AN ENTITY THAT IS A PARTY TO THE PLAN AND THAT IS NOT A COOPERATIVE ENTITY SHALL BE GOVERNED BY THE LAWS APPLICABLE TO THE NONCOOPERATIVE ENTITY.

(3) THE ARTICLES OF MERGER, CONSOLIDATION, OR SHARE OR EQUITY CAPITAL EXCHANGE SHALL BE DELIVERED TO THE SECRETARY OF STATE FOR FILING. A FEE, DETERMINED AND COLLECTED PURSUANT TO SECTION 24-21-104 (3), C.R.S., SHALL BE PAID TO THE SECRETARY OF STATE FOR FILING THE ARTICLES. IF A PARTY TO THE MERGER, CONSOLIDATION, OR SHARE OR EQUITY CAPITAL EXCHANGE IS THE OWNER OF REAL PROPERTY IN THE STATE OF COLORADO AND THE MERGER, CONSOLIDATION, OR SHARE OR EQUITY CAPITAL EXCHANGE WOULD AFFECT THE TITLE TO THE REAL PROPERTY, A COPY OF THE ARTICLES OF MERGER, CONSOLIDATION, OR SHARE OR EQUITY CAPITAL EXCHANGE SHALL BE FILED FOR RECORD IN THE OFFICE OF THE COUNTY CLERK AND RECORDER IN THE COUNTY OR COUNTIES IN WHICH THE REAL PROPERTY IS SITUATED.

7-56-603. Procedure for merger, consolidation, and share or equity capital exchange. (1) A PLAN FOR MERGER, CONSOLIDATION, OR SHARE OR EQUITY CAPITAL EXCHANGE SHALL SET FORTH THE FOLLOWING:

(a) THE NAME OF EACH PARTY PLANNING TO MERGE, CONSOLIDATE, OR EXCHANGE SHARES OR EQUITY CAPITAL AND THE NAME OF THE SURVIVING PARTY INTO WHICH EACH PARTY PLANS TO MERGE, CONSOLIDATE, OR EXCHANGE SHARES OR EQUITY CAPITAL;

(b) THE TERMS AND CONDITIONS OF THE MERGER, CONSOLIDATION, OR SHARE OR EQUITY CAPITAL EXCHANGE;

(c) THE MANNER AND BASIS OF CONVERTING THE SHARES OR EQUITY CAPITAL OF EACH PARTY INTO SHARES, OBLIGATIONS, OR OTHER INTERESTS OF THE SURVIVING OR ANY OTHER PARTY OR INTO MONEY OR OTHER PROPERTY IN WHOLE OR PART;

(d) ANY AMENDMENTS TO THE ARTICLES OF THE SURVIVING PARTY TO BE EFFECTED BY THE MERGER, CONSOLIDATION, OR SHARE OR EQUITY CAPITAL EXCHANGE; AND

(e) WITH RESPECT TO AGRICULTURAL AND OTHER COOPERATIVES EXEMPTED FROM THE OPERATION OF LAWS SUCH AS THE FEDERAL AND STATE SECURITIES OR ANTITRUST LAWS, ANY STEPS NECESSARY TO MAINTAIN SUCH EXEMPTION IF THE COOPERATIVE WISHES TO MAINTAIN SUCH STATUS.

(2) THE PLAN OF MERGER, CONSOLIDATION, OR SHARE OR EQUITY CAPITAL EXCHANGE MAY SET FORTH ANY OTHER PROVISIONS RELATING TO THE MERGER, CONSOLIDATION, OR SHARE OR EQUITY CAPITAL EXCHANGE.

(3) NOTHING IN THIS SECTION SHALL BE DEEMED TO LIMIT THE POWER OF A COOPERATIVE OR OTHER ENTITY TO ACQUIRE ALL OR PART OF THE SHARES OR EQUITY CAPITAL OF ANOTHER COOPERATIVE THROUGH A VOLUNTARY EXCHANGE OR THROUGH AN AGREEMENT WITH THE MEMBERS OF SUCH OTHER COOPERATIVE.

7-56-604. Merger of parent and subsidiary. (1) NOTWITHSTANDING THE PROVISIONS OF SECTIONS 7-56-602 AND 7-56-603, BY COMPLYING WITH THE PROVISIONS OF THIS SECTION, ANY PARENT COOPERATIVE OWNING ONE HUNDRED PERCENT OF THE VOTING SHARES, MEMBERSHIPS, OR INTERESTS AND HAVING A RIGHT TO VOTE OF A SUBSIDIARY MAY EITHER MERGE SUCH SUBSIDIARY INTO ITSELF OR MERGE ITSELF INTO SUCH SUBSIDIARY.

(2) THE BOARD OF SUCH PARENT COOPERATIVE SHALL ADOPT BY RESOLUTION, AND THE MEMBERS OF BOTH THE PARENT COOPERATIVE AND THE SUBSIDIARY SHALL APPROVE, A PLAN OF MERGER THAT SETS FORTH THE FOLLOWING:

(a) THE NAMES OF THE PARENT COOPERATIVE AND SUBSIDIARY AND THE NAME OF THE SURVIVING PARTY;

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

(c) THE MANNER AND BASIS OF CONVERTING THE SHARES OF THE PARENT COOPERATIVE AND SUBSIDIARY INTO SHARES, OBLIGATIONS, OR OTHER SECURITIES OF THE SURVIVING PARTY OR ANY OTHER COOPERATIVE INTO MONEY OR OTHER PROPERTY IN WHOLE OR PART;

(d) ANY AMENDMENTS TO THE ARTICLES OF THE SURVIVING PARTY TO BE EFFECTED BY THE MERGER; AND

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

(3) THE PARENT COOPERATIVE SHALL MAIL A COPY OR SUMMARY OF THE PLAN OF MERGER TO EACH MEMBER OF ALL PARTIES TO THE MERGER. NOTICE AND MEETING REQUIREMENTS AS PROVIDED FOR IN THIS ARTICLE SHALL APPLY.

(4) UNLESS THE ARTICLES, BYLAWS, OR THE BOARD REQUIRES A GREATER OR LESSER VOTE, THE PLAN OF MERGER, CONSOLIDATION, OR SHARE OR EQUITY CAPITAL EXCHANGE SHALL BE APPROVED BY A MAJORITY OF THE MEMBERS PRESENT AND VOTING ON THE PLAN IN PERSON OR IN ANY OTHER MANNER AUTHORIZED BY THE COOPERATIVE PURSUANT TO SECTION 7-56-305 (1).

(5) A COOPERATIVE SHALL NOT PERMIT PROPORTIONAL VOTING TO APPLY TO A VOTE OF MEMBERS ON A PLAN OF MERGER OF A PARENT AND SUBSIDIARY PURSUANT TO THIS SECTION.

7-56-605. Articles of merger, consolidation, or share or equity capital exchange. (1) AFTER A PLAN OF MERGER, CONSOLIDATION, OR SHARE OR EQUITY CAPITAL EXCHANGE IS APPROVED BY ALL NECESSARY ACTION OF ALL PARTIES, ARTICLES OF MERGER, CONSOLIDATION, OR SHARE OR EQUITY CAPITAL EXCHANGE SHALL BE EXECUTED BY EACH PARTY TO THE MERGER, CONSOLIDATION, OR SHARE OR EQUITY CAPITAL EXCHANGE.

(2) THE SURVIVING, NEW, OR ACQUIRING ENTITY SHALL DELIVER TO THE SECRETARY OF STATE FOR FILING THE ARTICLES OF MERGER, CONSOLIDATION, OR SHARE OR EQUITY CAPITAL EXCHANGE THAT SHALL SET FORTH THE FOLLOWING:

(a) THE PLAN OF MERGER, CONSOLIDATION, OR SHARE OR EQUITY CAPITAL EXCHANGE;

(b) A STATEMENT THAT THE NUMBER OF VOTES CAST FOR THE PLAN BY EACH VOTING GROUP ENTITLED TO VOTE SEPARATELY ON THE MERGER, CONSOLIDATION, OR SHARE OR EQUITY CAPITAL EXCHANGE WAS SUFFICIENT FOR APPROVAL BY THAT VOTING GROUP;

(c) THE EFFECTIVE DATE OF THE MERGER, CONSOLIDATION, OR SHARE OR EQUITY CAPITAL EXCHANGE; AND

(d) THE NAME AND ADDRESS OF THE REGISTERED AGENT AND PRINCIPAL OFFICE OF THE SURVIVING, NEW, OR ACQUIRING ENTITY.

(3) THE MERGER, CONSOLIDATION, OR SHARE OR EQUITY CAPITAL EXCHANGE SHALL BE EFFECTIVE AS PROVIDED IN SECTION 7-56-105.

7-56-606. Effect of merger, consolidation, or share exchange. (1) WHEN A MERGER OR CONSOLIDATION TAKES EFFECT:

(a) EACH NONSURVIVING PARTY TO THE MERGER OR CONSOLIDATION MERGES OR CONSOLIDATES INTO THE SURVIVING PARTY AND THE SEPARATE EXISTENCE OF EVERY PARTY TO THE MERGER OR CONSOLIDATION EXCEPT THE SURVIVING PARTY CEASES;

(b) THE TITLE TO ALL REAL ESTATE AND OTHER PROPERTY OWNED BY EACH NONSURVIVING PARTY IS TRANSFERRED TO AND VESTED IN THE SURVIVING PARTY WITHOUT REVERSION OR IMPAIRMENT. SUCH TRANSFER TO AND VESTING IN THE SURVIVING PARTY SHALL BE DEEMED TO OCCUR BY OPERATION OF LAW, AND NO CONSENT OR APPROVAL OF ANY OTHER PERSON SHALL BE REQUIRED IN CONNECTION WITH ANY SUCH TRANSFER OR VESTING UNLESS SUCH CONSENT OR APPROVAL IS SPECIFICALLY REQUIRED IN THE EVENT OF MERGER OR CONSOLIDATION BY LAW OR BY EXPRESS PROVISION IN ANY CONTRACT, AGREEMENT, DECREE, ORDER, OR OTHER INSTRUMENT TO WHICH ANY OF THE PARTIES SO MERGED OR CONSOLIDATED IS A PARTY OR BY WHICH IT IS BOUND;

(c) THE SURVIVING PARTY HAS ALL LIABILITIES OF EACH PARTY TO THE MERGER OR CONSOLIDATION;

(d) A PROCEEDING PENDING AGAINST ANY PARTY TO THE MERGER OR CONSOLIDATION MAY BE CONTINUED AS IF THE MERGER OR CONSOLIDATION DID NOT OCCUR OR THE SURVIVING PARTY MAY BE SUBSTITUTED IN THE PROCEEDING FOR THE PARTY WHOSE EXISTENCE CEASED;

(e) THE ARTICLES OF THE SURVIVING PARTY ARE AMENDED TO THE EXTENT PROVIDED IN THE PLAN OF MERGER OR CONSOLIDATION; AND

(f) THE SHARES OF EACH PARTY TO THE MERGER OR CONSOLIDATION THAT ARE TO BE CONVERTED INTO SHARES, OBLIGATIONS, OR OTHER SECURITIES OF THE SURVIVING OR ANY OTHER PARTY OR INTO MONEY OR OTHER PROPERTY ARE CONVERTED, AND THE FORMER HOLDERS OF THE SHARES OR EQUITY CAPITAL ARE ENTITLED ONLY TO THE RIGHTS PROVIDED IN THE ARTICLES OF MERGER OR CONSOLIDATION.

(2) WHEN A SHARE OR EQUITY CAPITAL EXCHANGE TAKES EFFECT, THE SHARES OR EQUITY CAPITAL OF EACH ACQUIRED PARTY ARE EXCHANGED AS PROVIDED IN THE PLAN, AND THE FORMER HOLDERS OF THE SHARES OR EQUITY CAPITAL ARE ENTITLED ONLY TO THE EXCHANGE RIGHTS PROVIDED IN THE ARTICLES OF SHARE OR EQUITY CAPITAL EXCHANGE.

7-56-607. Merger, consolidation, or share or equity capital exchange with foreign business. (1) ONE OR MORE DOMESTIC COOPERATIVES MAY MERGE, CONSOLIDATE, OR ENTER INTO A SHARE OR EQUITY CAPITAL EXCHANGE WITH ONE OR MORE FOREIGN ENTITIES IF:

(a) IN A MERGER OR CONSOLIDATION, THE MERGER OR CONSOLIDATION IS PERMITTED BY THE LAW OF THE STATE OR COUNTRY UNDER WHOSE LAW EACH FOREIGN ENTITY IS INCORPORATED AND EACH FOREIGN ENTITY COMPLIES WITH THAT LAW IN EFFECTING THE MERGER OR CONSOLIDATION;

(b) IN A SHARE OR EQUITY CAPITAL EXCHANGE, THE COOPERATIVE WHOSE SHARES OR EQUITY WILL BE ACQUIRED IS A DOMESTIC OR FOREIGN COOPERATIVE, AND IF A SHARE OR EQUITY CAPITAL EXCHANGE IS PERMITTED BY THE LAW OF THE STATE OR COUNTRY UNDER WHOSE LAW THE ACQUIRING ENTITY IS INCORPORATED;

(c) THE FOREIGN ENTITY COMPLIES WITH THE PROVISIONS OF SECTION 7-56-605 IF IT IS THE SURVIVING OR NEW ENTITY IN A MERGER OR CONSOLIDATION OR ACQUIRING ENTITY OF A SHARE OR EQUITY CAPITAL EXCHANGE; AND

(d) IF THE FOREIGN ENTITY IS THE SURVIVING ENTITY IN THE MERGER OR CONSOLIDATION OR ACQUIRING ENTITY OF THE SHARE OR EQUITY CAPITAL EXCHANGE IT COMPLIES WITH SECTION 7-56-605.

(2) UPON THE MERGER, CONSOLIDATION, OR SHARE OR EQUITY CAPITAL EXCHANGE TAKING EFFECT, THE SURVIVING FOREIGN ENTITY OF A MERGER OR CONSOLIDATION AND THE ACQUIRING FOREIGN ENTITY OF A SHARE OR EQUITY CAPITAL EXCHANGE:

(a) SHALL EITHER:

(I) MAINTAIN A REGISTERED AGENT IN THIS STATE TO ACCEPT SERVICE IN ANY PROCEEDING BASED ON A CAUSE OF ACTION ARISING WITH RESPECT TO ANY DOMESTIC ENTITY THAT IS MERGED INTO THE FOREIGN ENTITY; OR

(II) BE DEEMED TO HAVE AUTHORIZED SERVICE OF PROCESS ON IT IN CONNECTION WITH ANY SUCH PROCEEDING BY REGISTERED OR CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO THE ADDRESS OF ITS PRINCIPAL OFFICE AS SET FORTH IN THE ARTICLES OF MERGER, CONSOLIDATION, OR SHARE OR EQUITY CAPITAL EXCHANGE OR AS LAST CHANGED BY NOTICE DELIVERED TO THE SECRETARY OF STATE FOR FILING; AND

(b) SHALL COMPLY WITH THIS ARTICLE IF IT IS TO TRANSACT BUSINESS IN THIS STATE.

(3) SERVICE OF PROCESS EFFECTED PURSUANT TO SUBPARAGRAPH (II) OF PARAGRAPH (a) OF SUBSECTION (2) OF THIS SECTION IS PERFECTED AT THE EARLIEST OF:

- (a) THE DATE THE FOREIGN ENTITY RECEIVED THE PROCESS, NOTICE, OR DEMAND;
- (b) THE DATE SHOWN ON THE RETURN RECEIPT, IF SIGNED ON BEHALF OF THE FOREIGN ENTITY; OR
- (c) FIVE DAYS AFTER MAILING.

(4) SUBSECTION (2) OF THIS SECTION DOES NOT PRESCRIBE THE ONLY MEANS, OR NECESSARILY THE REQUIRED MEANS, OF SERVING A SURVIVING FOREIGN ENTITY IN A MERGER OR CONSOLIDATION OR AN ACQUIRING FOREIGN ENTITY IN A SHARE OR EQUITY CAPITAL EXCHANGE.

(5) THIS SECTION DOES NOT LIMIT THE POWER OF A FOREIGN ENTITY TO ACQUIRE ALL OR PART OF THE SHARES OF ONE OR MORE CLASSES OR SERIES OF A DOMESTIC COOPERATIVE THROUGH A VOLUNTARY EXCHANGE OF SHARES OR OTHERWISE.

7-56-608. Dissenters' rights - definitions. (1) AS USED IN THIS SECTION:

(a) "DISSENTER" MEANS A MEMBER ELIGIBLE TO VOTE WHO EXERCISES THE RIGHT TO DISSENT PROVIDED IN THIS SECTION AT THE TIME AND IN THE MANNER REQUIRED BY THIS SECTION.

(b) "INTEREST" MEANS INTEREST REQUIRED TO BE PAID PURSUANT TO THIS SECTION AT THE AVERAGE RATE CURRENTLY PAID BY THE COOPERATIVE SUBJECT TO THIS SECTION ON ITS PRINCIPAL BANK LOANS OR, IF NONE, AT THE LEGAL RATE SPECIFIED IN SECTION 5-12-101, C.R.S.

(c) "STATED VALUE" MEANS THE ORIGINAL COST PAID BY A PERSON FOR CAPITAL STOCK OR MEMBERSHIP FEES, AS RECORDED IN THE RECORDS OF THE COOPERATIVE, IN ORDER TO QUALIFY FOR MEMBERSHIP AND THE RIGHT TO VOTE IN THE COOPERATIVE, AND FOR OTHER EQUITY CAPITAL THE AMOUNT STATED IN THE RECORDS OF THE COOPERATIVE THAT IS REQUIRED TO MAKE A PAYMENT UNDER THIS SECTION.

(2) IF THE BOARD OF A COOPERATIVE SUBJECT TO THIS ARTICLE SUBMITS TO THE MEMBERS OF THE COOPERATIVE FOR APPROVAL A PLAN OF MERGER, CONSOLIDATION, OR SHARE OR EQUITY CAPITAL EXCHANGE AND IF FOLLOWING THE MERGER, CONSOLIDATION, OR SHARE OR EQUITY CAPITAL EXCHANGE THERE WILL BE MEMBERS OF ANY COOPERATIVE INVOLVED IN THE PROPOSED TRANSACTION WHO WOULD NO LONGER BE ELIGIBLE FOR MEMBERSHIP OR OTHER VOTING INTEREST IN THE SURVIVING ENTITY, THE INELIGIBLE MEMBERS SHALL BE ENTITLED TO REPAYMENT OF THEIR EQUITY INTERESTS IN THE COOPERATIVE IN ACCORDANCE WITH THIS SECTION.

(3) IF THE BOARD OF A COOPERATIVE SUBJECT TO THIS ARTICLE SUBMITS TO THE MEMBERS OF THE COOPERATIVE FOR APPROVAL A PLAN TO SELL ALL OR SUBSTANTIALLY ALL OF THE COOPERATIVE'S ASSETS AND NOT DISSOLVE FOLLOWING THE SALE, THE MEMBERS OF THE COOPERATIVE SHALL BE ENTITLED TO REPAYMENT OF THEIR EQUITY INTERESTS IN THE COOPERATIVE IN ACCORDANCE WITH THIS SECTION.

(4) A COOPERATIVE THAT PROPOSES TO BE A PARTY TO A MERGER,

CONSOLIDATION, SHARE OR EQUITY CAPITAL EXCHANGE, OR A SALE OF ASSETS, AS DESCRIBED IN SUBSECTION (2) OR (3) OF THIS SECTION, SHALL INCLUDE IN THE NOTICE OF THE MEMBERSHIP MEETING AT WHICH THE VOTE OF THE MEMBERS IS TAKEN THEREON AN EXPLANATION OF THE RIGHT TO DISSENT AND THE REQUIREMENT TO GIVE WRITTEN NOTICE OF INTENT TO DEMAND PAYMENT BY A MEMBER HAVING THE RIGHT TO DO SO UNDER THIS SECTION.

(5) A MEMBER WHO MAY BE ENTITLED TO REPAYMENT OF THE MEMBER'S EQUITY INTERESTS IN THE COOPERATIVE IN ACCORDANCE WITH THIS SECTION SHALL GIVE WRITTEN NOTICE OF THE MEMBER'S INTENTION TO DEMAND PAYMENT BEFORE THE VOTE IS TAKEN AT THE MEMBERSHIP MEETING AT WHICH A VOTE ON THE PROPOSED MERGER, CONSOLIDATION, SHARE OR EQUITY CAPITAL EXCHANGE, OR SALE OF ASSETS IS TO BE TAKEN. UPON GIVING NOTICE, THE MEMBER SHALL NO LONGER BE ENTITLED TO VOTE ON THE PROPOSED TRANSACTION. THE WRITTEN NOTICE SHALL INCLUDE THE NAME OF THE MEMBER IN WHICH THE STOCK OR MEMBERSHIP IS HELD ON THE RECORDS OF THE COOPERATIVE AND THE MEMBER'S ADDRESS AND SOCIAL SECURITY OR FEDERAL TAX IDENTIFICATION NUMBER. FAILURE TO GIVE WRITTEN NOTICE OF INTENTION TO DEMAND PAYMENT IN THE PRESCRIBED MANNER DISQUALIFIES THE MEMBER FROM DEMANDING PAYMENT UNDER THIS SECTION.

(6) IF THE MERGER, CONSOLIDATION, SHARE OR EQUITY CAPITAL EXCHANGE, OR SALE OF ASSETS DESCRIBED IN SUBSECTION (2) OR (3) OF THIS SECTION IS APPROVED BY THE MEMBERS OF THE COOPERATIVE IN THE MANNER APPLICABLE TO ANY OTHER ENTITY THAT IS A PARTY TO THE TRANSACTION, THE SURVIVING OR NEW ENTITY, INCLUDING A COOPERATIVE THAT IS TO SELL ALL OR SUBSTANTIALLY ALL OF ITS ASSETS, SHALL BE REQUIRED TO MAKE THE PAYMENTS PROVIDED IN THIS SECTION. THE SURVIVING OR NEW ENTITY SHALL GIVE WRITTEN NOTICE TO ALL DISSENTERS WHO HAVE GIVEN NOTICE TO DISSENT PURSUANT TO THIS SECTION. THE NOTICE SHALL INCLUDE THE ADDRESS AT WHICH THE SURVIVING OR NEW ENTITY WILL RECEIVE PAYMENT DEMANDS, THE REQUIREMENT TO SUBMIT STOCK OR MEMBERSHIP CERTIFICATES OR CERTIFICATION OF THE LOSS OR DESTRUCTION THEREOF, THE PERIOD IN WHICH DEMANDS WILL BE RECEIVED WHICH SHALL BE NOT LESS THAN THIRTY DAYS FROM THE DATE OF THE NOTICE, AND WHERE APPLICABLE, A STATEMENT OF QUALIFICATIONS FOR MEMBERSHIP OR OTHER VOTING INTEREST IN THE SURVIVING OR NEW ENTITY.

(7) WITHIN THE PERIOD SPECIFIED IN THE NOTICE DESCRIBED IN SUBSECTION (6), A DISSENTER MAY DELIVER A WRITTEN DEMAND FOR PAYMENT TO THE SURVIVING OR NEW ENTITY, OR IN THE CASE OF A SALE OF ASSETS SUBJECT TO THIS SECTION, TO THE COOPERATIVE SELLING ITS ASSETS, SPECIFYING THE ADDRESS TO WHICH PAYMENT IS TO BE MADE AND, WHERE APPLICABLE, A STATEMENT AS TO THE REASONS WHY THE DISSENTER NO LONGER QUALIFIES FOR MEMBERSHIP OR A VOTING INTEREST IN THE SURVIVING OR NEW ENTITY.

(8) WITHIN THIRTY DAYS AFTER RECEIPT OF A DEMAND FOR PAYMENT, THE SURVIVING OR NEW ENTITY OR, IN THE CASE OF A SALE OF ASSETS SUBJECT TO THIS SECTION, THE COOPERATIVE SELLING ITS ASSETS SHALL PAY TO THE DISSENTER:

(a) THE STATED VALUE OF THE INITIAL INVESTMENT OF THE DISSENTER IN STOCK OR MEMBERSHIP FEES IN THE COOPERATIVE AS RECORDED IN THE RECORDS OF THE COOPERATIVE MADE TO QUALIFY THE DISSENTER TO BE A MEMBER OF THE

COOPERATIVE; AND

(b) THE STATED VALUE OF ALL OTHER EQUITY CAPITAL OF THE DISSENTER IN THE COOPERATIVE AS RECORDED IN THE RECORDS OF THE SURVIVING COOPERATIVE, OR IN THE CASE OF A SALE OF ASSETS SUBJECT TO THIS SECTION, OF THE COOPERATIVE SELLING ITS ASSETS; EXCEPT THAT, IN THE CASE OF ANY MERGER, CONSOLIDATION, OR SHARE OR EQUITY CAPITAL EXCHANGE, IF THE SURVIVING OR NEW ENTITY HAS, BY WRITTEN AGREEMENT OR OPERATION OF LAW OTHER THAN THIS SECTION, BECOME LIABLE TO REPAY THE OTHER EQUITY CAPITAL OF THE DISSENTER, THE REPAYMENT OF OTHER EQUITY CAPITAL SHALL BE MADE BY THE SURVIVING OR NEW ENTITY UNDER THE SAME CONDITIONS AND TIME FRAME, BUT NOT MORE THAN FIFTEEN YEARS, THAT WOULD HAVE APPLIED IF THE MEMBER OR EQUITY HOLDER HAD WITHDRAWN OR BEEN TERMINATED FROM THE COOPERATIVE THAT IS NOT THE SURVIVING OR NEW ENTITY IMMEDIATELY PRIOR TO THE EFFECTIVE DATE OF THE MERGER, CONSOLIDATION, OR SHARE OR EQUITY CAPITAL EXCHANGE. IF PAYMENT IS NOT MADE ON THE DATE REQUIRED BY THIS SUBSECTION (8), THE RECIPIENT SHALL BE ENTITLED TO INTEREST FROM THE DATE THE PAYMENT SHOULD HAVE BEEN MADE UNTIL THE DATE PAYMENT IS ACTUALLY MADE.

(9) NOTWITHSTANDING ANY PROVISIONS OF LAW TO THE CONTRARY, HOLDERS OF EQUITY CAPITAL WHO ARE NOT MEMBERS OF THE COOPERATIVE SHALL UNDER NO CIRCUMSTANCES BE ENTITLED TO DISSENTER'S RIGHTS.

7-56-609. Sale or other disposition of property without member approval.

(1) A COOPERATIVE MAY, ON THE TERMS AND CONDITIONS AND FOR THE CONSIDERATION DETERMINED BY THE BOARD:

(a) SELL, LEASE, EXCHANGE, OR OTHERWISE DISPOSE OF ANY OF ITS PROPERTY IN THE USUAL AND REGULAR COURSE OF BUSINESS; EXCEPT THAT A SALE, LEASE, EXCHANGE, OR OTHER DISPOSITION OF ALL, OR SUBSTANTIALLY ALL, OF ITS PROPERTY SHALL NEVER BE CONSIDERED TO BE IN THE USUAL AND REGULAR COURSE OF BUSINESS;

(b) TRANSFER TO ITSELF ANY OR ALL OF THE PROPERTY OF A DOMESTIC OR FOREIGN ENTITY WHEN ALL THE VOTING RIGHTS OF THE TRANSFEROR ARE OWNED, DIRECTLY OR INDIRECTLY, BY THE TRANSFEREE COOPERATIVE.

(2) UNLESS OTHERWISE PROVIDED IN THE ARTICLES OR BYLAWS, APPROVAL BY THE MEMBERS OF A TRANSACTION DESCRIBED IN SUBSECTION (1) OF THIS SECTION IS NOT REQUIRED.

7-56-610. Sale or other disposition of property requiring member approval.

(1) A COOPERATIVE MAY SELL, LEASE, EXCHANGE, OR OTHERWISE DISPOSE OF ALL, OR SUBSTANTIALLY ALL, OF ITS PROPERTY, WITH OR WITHOUT ITS GOOD WILL, ONLY ON THE TERMS AND CONDITIONS AND FOR THE CONSIDERATION DETERMINED BY THE BOARD AND IF THE BOARD PROPOSES OR SUBMITS AND THE MEMBERS APPROVE THE TRANSACTION. A SALE, LEASE, EXCHANGE, OR OTHER DISPOSITION OF ALL, OR SUBSTANTIALLY ALL, OF THE PROPERTY OF A COOPERATIVE, WITH OR WITHOUT ITS GOOD WILL, IN CONNECTION WITH ITS DISSOLUTION, OTHER THAN PURSUANT TO A COURT ORDER, SHALL BE SUBJECT TO THE REQUIREMENTS OF THIS SECTION; BUT A SALE, LEASE, EXCHANGE, OR OTHER DISPOSITION OF ALL, OR SUBSTANTIALLY ALL, OF

THE PROPERTY OF A COOPERATIVE, WITH OR WITHOUT ITS GOOD WILL, PURSUANT TO A COURT ORDER SHALL NOT BE SUBJECT TO THE REQUIREMENTS OF THIS SECTION. IF A RESOLUTION TO DISSOLVE THE COOPERATIVE THAT IS ADOPTED BY THE MEMBERS OF A COOPERATIVE PURSUANT TO SECTION 7-56-702 CONTEMPLATES THE SALE OF ALL OR SUBSTANTIALLY ALL OF THE COOPERATIVE'S PROPERTY IN CONNECTION WITH THE DISSOLUTION, THE ADOPTION OF THAT RESOLUTION BY THE MEMBERS SHALL ALSO BE AN AUTHORIZATION TO SELL ALL OR SUBSTANTIALLY ALL OF THE COOPERATIVE'S PROPERTY PURSUANT TO THIS SECTION.

(2) IF A COOPERATIVE IS ENTITLED TO VOTE OR OTHERWISE CONSENT, OTHER THAN IN THE USUAL AND REGULAR COURSE OF ITS BUSINESS, WITH RESPECT TO THE SALE, LEASE, EXCHANGE, OR OTHER DISPOSITION OF ALL, OR SUBSTANTIALLY ALL, OF ITS PROPERTY WITH OR WITHOUT THE GOOD WILL OF ANOTHER ENTITY THAT IT CONTROLS, AND IF THE SHARES OR OTHER INTERESTS HELD BY THE COOPERATIVE IN SUCH OTHER ENTITY CONSTITUTE ALL, OR SUBSTANTIALLY ALL, OF THE PROPERTY OF THE COOPERATIVE, THEN THE COOPERATIVE SHALL CONSENT TO SUCH TRANSACTION ONLY IF ITS BOARD PROPOSES AND ITS MEMBERS APPROVE THE GIVING OF CONSENT.

(3) FOR A TRANSACTION DESCRIBED IN SUBSECTION (1) OF THIS SECTION OR A CONSENT DESCRIBED IN SUBSECTION (2) OF THIS SECTION TO BE APPROVED BY THE MEMBERS:

(a) THE BOARD, BY A TWO-THIRDS MAJORITY VOTE OF ALL ITS MEMBERS, SHALL RECOMMEND THE TRANSACTION OR THE CONSENT TO THE MEMBERS UNLESS THE BOARD DETERMINES THAT, BECAUSE OF CONFLICT OF INTEREST OR OTHER SPECIAL CIRCUMSTANCES, IT SHOULD MAKE NO RECOMMENDATION AND COMMUNICATES THE BASIS FOR ITS DETERMINATION TO THE MEMBERS WITH THE SUBMISSION OF THE TRANSACTION OR THE CONSENT; AND

(b) THE MEMBERS ENTITLED TO VOTE ON THE TRANSACTION OR THE CONSENT SHALL APPROVE THE TRANSACTION OR THE CONSENT AS PROVIDED IN SUBSECTION (6) OF THIS SECTION.

(4) THE BOARD MAY CONDITION THE EFFECTIVENESS OF THE TRANSACTION OR THE CONSENT ON ANY BASIS.

(5) THE COOPERATIVE SHALL GIVE PROPER NOTICE TO EACH MEMBER ENTITLED TO VOTE ON THE TRANSACTION DESCRIBED IN SUBSECTION (1) OF THIS SECTION OR THE CONSENT DESCRIBED IN SUBSECTION (2) OF THIS SECTION OF THE MEMBERS' MEETING AT WHICH THE TRANSACTION OR THE CONSENT WILL BE VOTED UPON. THE NOTICE SHALL:

(a) STATE THAT THE PURPOSE, OR ONE OF THE PURPOSES, OF THE MEETING IS TO CONSIDER:

(I) IN THE CASE OF ACTION PURSUANT TO SUBSECTION (1) OF THIS SECTION, THE SALE, LEASE, EXCHANGE, OR OTHER DISPOSITION OF ALL, OR SUBSTANTIALLY ALL, OF THE PROPERTY OF THE COOPERATIVE; OR

(II) IN THE CASE OF ACTION PURSUANT TO SUBSECTION (2) OF THIS SECTION, THE COOPERATIVE'S CONSENT TO THE SALE, LEASE, EXCHANGE, OR OTHER DISPOSITION OF

ALL, OR SUBSTANTIALLY ALL, OF THE PROPERTY OF ANOTHER ENTITY, WHICH ENTITY SHALL BE IDENTIFIED IN THE NOTICE, SHARES OR OTHER INTERESTS OF WHICH ARE HELD BY THE COOPERATIVE AND CONSTITUTE ALL, OR SUBSTANTIALLY ALL, OF THE PROPERTY OF THE COOPERATIVE; AND

(b) CONTAIN OR BE ACCOMPANIED BY A DESCRIPTION OF THE TRANSACTION, IN THE CASE OF ACTION PURSUANT TO SUBSECTION (1) OF THIS SECTION, OR BY A DESCRIPTION OF THE TRANSACTION UNDERLYING THE CONSENT, IN THE CASE OF ACTION PURSUANT TO SUBSECTION (2) OF THIS SECTION.

(6) MEMBER APPROVAL OF A TRANSACTION OR CONSENT DESCRIBED IN SUBSECTIONS (1) AND (2) OF THIS SECTION SHALL REQUIRE AN AFFIRMATIVE VOTE OF TWO-THIRDS MAJORITY OF THE MEMBERS PRESENT AND VOTING IN PERSON OR IN ANY OTHER MANNER AUTHORIZED BY THE COOPERATIVE PURSUANT TO SECTION 7-56-305 (1); BUT THE TWO-THIRDS VOTING REQUIREMENT MAY BE REDUCED TO NOT LESS THAN A MAJORITY OF THE MEMBERS PRESENT AND VOTING IN PERSON OR IN ANY OTHER MANNER AUTHORIZED BY THE COOPERATIVE PURSUANT TO SECTION 7-56-305 (1), OR MAY BE INCREASED TO UP TO TWO-THIRDS OF ALL MEMBERS ENTITLED TO VOTE, BY A PROVISION CONTAINED IN THE ARTICLES OR BYLAWS OF THE COOPERATIVE. THE COOPERATIVE MAY ALSO PROVIDE IN ITS ARTICLES OR BYLAWS FOR DIFFERENT VOTING REQUIREMENTS WITH RESPECT TO A TRANSACTION BETWEEN ONE OR MORE COOPERATIVES SUBJECT TO THIS ARTICLE OR SIMILAR LAWS OF OTHER STATES AND BETWEEN THE COOPERATIVE AND ONE OR MORE ENTITIES ORGANIZED UNDER OR SUBJECT TO DIFFERENT LAWS OF THIS OR OTHER STATES. A COOPERATIVE MAY NOT PERMIT PROPORTIONAL VOTING TO APPLY TO A VOTE OF MEMBERS WITH RESPECT TO THE SALE OF ALL OR SUBSTANTIALLY ALL OF THE PROPERTY OF THE COOPERATIVE PURSUANT TO THIS SECTION.

(7) AFTER A TRANSACTION DESCRIBED IN SUBSECTION (1) OF THIS SECTION OR A CONSENT DESCRIBED IN SUBSECTION (2) OF THIS SECTION IS AUTHORIZED, THE TRANSACTION MAY BE ABANDONED OR THE CONSENT WITHHELD OR REVOKED, SUBJECT TO ANY CONTRACTUAL RIGHTS OR OTHER LIMITATIONS ON SUCH ABANDONMENT, WITHHOLDING, OR REVOCATION, BY A UNANIMOUS VOTE OF THE BOARD OR THE VOTE OF TWO-THIRDS OF ALL THE MEMBERS.

(8) IF THE MEMBERS DO NOT APPROVE OF A TRANSACTION OR CONSENT AS DESCRIBED IN SUBSECTIONS (1) AND (2) OF THIS SECTION, THE BOARD MAY PROHIBIT THE CONSIDERATION AND SUBMITTAL OF A SIMILAR PROPOSAL TO THE MEMBERS FOR A PERIOD OF TWO YEARS FOLLOWING THE MEMBERS' VOTE.

PART 7 DISSOLUTION

SUBPART 1 VOLUNTARY DISSOLUTION

7-56-701. Authorization of dissolution before issuance of memberships. IF A COOPERATIVE HAS NOT YET ISSUED MEMBERSHIPS, A MAJORITY OF ITS DIRECTORS OR, IF THE INITIAL DIRECTORS DESIGNATED IN THE ARTICLES HAVE NOT MET OR IF NOT DESIGNATED IN THE ARTICLES HAVE NOT BEEN ELECTED, A MAJORITY OF ITS INCORPORATORS, MAY AUTHORIZE THE DISSOLUTION OF THE COOPERATIVE.

7-56-702. Authorization of dissolution after issuance of memberships.

(1) AFTER MEMBERSHIPS HAVE BEEN ISSUED, DISSOLUTION OF A COOPERATIVE MAY BE AUTHORIZED IN THE FOLLOWING MANNER:

(a) THE BOARD, BY A TWO-THIRDS MAJORITY VOTE OF ALL ITS MEMBERS, SHALL FIRST ADOPT A RESOLUTION RECOMMENDING DISSOLUTION;

(b) THE BOARD SHALL SUBMIT THE RESOLUTION ADOPTED PURSUANT TO PARAGRAPH (a) OF THIS SUBSECTION (1) TO THE MEMBERS;

(c) THE RESOLUTION ADOPTED PURSUANT TO PARAGRAPH (a) OF THIS SUBSECTION (1) SHALL STATE THE REASONS WHY THE TERMINATION OF THE AFFAIRS OF THE COOPERATIVE IS DEEMED ADVISABLE, THE TIME BY WHICH IT SHOULD BE ACCOMPLISHED, WHETHER OR NOT THE BOARD MAY REVOKE DISSOLUTION, AND THE NAMES OF THREE PERSONS AND TWO ALTERNATES TO ACT AS TRUSTEES IN LIQUIDATION WHO SHALL HAVE ALL THE POWERS OF THE BOARD TO DO ALL THINGS THEY DEEM NECESSARY FOR THE EFFICIENT DISTRIBUTION OF CLAIMS TO CREDITORS, IN LIQUIDATION AND TERMINATION OF THE AFFAIRS OF THE COOPERATIVE, INCLUDING THE SALE OF ALL OR SUBSTANTIALLY ALL OF THE COOPERATIVE'S PROPERTY AS THEY DEEM NECESSARY IF THE RESOLUTION ALSO PROVIDES FOR A SALE OF THE PROPERTY. SUCH TRUSTEES AND ALTERNATES NEED NOT BE MEMBERS OF THE COOPERATIVE. ANY VACANCIES IN THE TRUSTEESHIP SHALL BE FIRST FILLED BY THE DESIGNATED ALTERNATES AND THEN MAY BE FILLED BY SUCH PERSONS AS MAY BE DESIGNATED BY THE REMAINING TRUSTEES.

(2) THE BOARD MAY CONDITION THE EFFECTIVENESS OF THE DISSOLUTION ON ANY BASIS.

(3) THE COOPERATIVE SHALL GIVE NOTICE TO EACH MEMBER OF THE REGULAR OR SPECIAL MEETING AT WHICH THE RESOLUTION TO DISSOLVE WILL BE VOTED UPON. THE NOTICE SHALL STATE THAT THE PURPOSE, OR ONE OF THE PURPOSES, OF THE MEETING IS TO CONSIDER THE PROPOSAL TO DISSOLVE THE COOPERATIVE. THE NOTICE SHALL CONTAIN OR BE ACCOMPANIED BY A COPY OF THE PROPOSAL OR A SUMMARY THEREOF, INCLUDING A DESCRIPTION OF THE PROPOSED DISTRIBUTION OF THE COOPERATIVE'S ASSETS AND AN ATTACHED MAIL BALLOT.

(4) THE PROPOSAL TO DISSOLVE SHALL BE APPROVED BY A TWO-THIRDS MAJORITY VOTE OF THE MEMBERS PRESENT AND VOTING IN PERSON OR IN ANY OTHER MANNER AUTHORIZED BY THE COOPERATIVE PURSUANT TO SECTION 7-56-305 (1) AT A REGULAR OR SPECIAL MEETING CALLED FOR SUCH PURPOSE. A COOPERATIVE SHALL NOT PERMIT PROPORTIONAL VOTING TO APPLY TO A VOTE OF MEMBERS ON A RESOLUTION TO DISSOLVE PURSUANT TO THIS SECTION.

7-56-703. Articles of dissolution. (1) AT ANY TIME AFTER DISSOLUTION IS AUTHORIZED, THE COOPERATIVE MAY DISSOLVE BY DELIVERING TO THE SECRETARY OF STATE FOR FILING ARTICLES OF DISSOLUTION SETTING FORTH:

(a) THE NAME OF THE COOPERATIVE;

(b) THE ADDRESS OF THE COOPERATIVE'S PRINCIPAL OFFICE OR, IF NO PRINCIPAL OFFICE IS TO BE MAINTAINED BY THE COOPERATIVE, A STATEMENT RECITING THAT

FACT AS WELL AS THE ADDRESS TO WHICH SERVICE OF PROCESS MAY BE MAILED PURSUANT TO SECTION 7-56-709;

(c) THE DATE DISSOLUTION WAS AUTHORIZED;

(d) IF DISSOLUTION WAS AUTHORIZED BY THE DIRECTORS OR THE INCORPORATORS PURSUANT TO SECTION 7-56-701, A STATEMENT TO THAT EFFECT;

(e) IF DISSOLUTION WAS APPROVED BY THE MEMBERS PURSUANT TO SECTION 7-56-702, A STATEMENT THAT THE NUMBER OF VOTES CAST FOR THE PROPOSAL TO DISSOLVE BY THE MEMBERS WAS SUFFICIENT FOR APPROVAL; AND

(f) SUCH ADDITIONAL INFORMATION AS THE SECRETARY OF STATE MAY REQUIRE BY RULE.

(2) A COOPERATIVE IS DISSOLVED UPON THE EFFECTIVE DATE OF ITS FILED ARTICLES OF DISSOLUTION.

(3) ON AND AFTER THE EFFECTIVE DATE OF THE DISSOLUTION, THE COOPERATIVE'S NAME SHALL INCLUDE THE WORDS "A DISSOLVED COLORADO COOPERATIVE" AND THE YEAR OF DISSOLUTION.

7-56-704. Revocation of dissolution. (1) A COOPERATIVE MAY REVOKE ITS DISSOLUTION WITHIN ONE HUNDRED TWENTY DAYS AFTER THE EFFECTIVE DATE OF THE DISSOLUTION.

(2) REVOCATION OF DISSOLUTION SHALL BE AUTHORIZED IN THE SAME MANNER AS THE DISSOLUTION WAS AUTHORIZED.

(3) AFTER THE REVOCATION OF DISSOLUTION IS AUTHORIZED, THE COOPERATIVE MAY REVOKE THE DISSOLUTION BY DELIVERING TO THE SECRETARY OF STATE FOR FILING, WITHIN ONE HUNDRED TWENTY DAYS AFTER THE EFFECTIVE DATE OF DISSOLUTION, ARTICLES OF REVOCATION OF DISSOLUTION, TOGETHER WITH A COPY OF ITS ARTICLES OF DISSOLUTION, THAT SET FORTH:

(a) THE NAME OF THE COOPERATIVE;

(b) THE EFFECTIVE DATE OF THE DISSOLUTION THAT WAS REVOKED;

(c) THE DATE THAT THE REVOCATION OF DISSOLUTION WAS AUTHORIZED;

(d) IF PURSUANT TO SUBSECTION (2) OF THIS SECTION THE DIRECTORS OR THE INCORPORATORS REVOKED A DISSOLUTION AUTHORIZED UNDER SECTION 7-56-701, A STATEMENT THAT THE REVOCATION OF DISSOLUTION WAS AUTHORIZED BY THE DIRECTORS OR THE INCORPORATORS, AS THE CASE MAY BE;

(e) IF PURSUANT TO SUBSECTION (2) OF THIS SECTION, THE DIRECTORS REVOKED A DISSOLUTION AUTHORIZED BY THE MEMBERS, A STATEMENT THAT THE REVOCATION WAS PERMITTED BY ACTION OF THE DIRECTORS PURSUANT TO THAT AUTHORIZATION; AND

(f) IF THE REVOCATION OF DISSOLUTION WAS AUTHORIZED PURSUANT TO SUBSECTION (2) OF THIS SECTION BY THE MEMBERS, A STATEMENT THAT THE NUMBER OF VOTES CAST FOR REVOCATION OF DISSOLUTION ON THE PROPOSAL TO DISSOLVE WAS SUFFICIENT FOR AUTHORIZATION.

(4) REVOCATION OF DISSOLUTION IS EFFECTIVE AT THE TIME OF FILING ON THE DATE IT IS FILED, AS EVIDENCED BY THE SECRETARY OF STATE'S TIME AND DATE ENDORSEMENT ON THE DOCUMENT. NO DELAYED EFFECTIVE DATE MAY BE SPECIFIED.

7-56-705. Effect of dissolution. (1) A DISSOLVED COOPERATIVE CONTINUES ITS EXISTENCE BUT MAY NOT CARRY ON ANY BUSINESS EXCEPT AS IS APPROPRIATE TO WIND UP AND LIQUIDATE ITS BUSINESS AND AFFAIRS, INCLUDING:

- (a) COLLECTING ITS ASSETS;
- (b) DISPOSING OF ITS ASSETS THAT WILL NOT BE DISTRIBUTED IN KIND TO ITS MEMBERS OR EQUITY HOLDERS;
- (c) DISCHARGING OR MAKING PROVISION FOR DISCHARGING ITS LIABILITIES;
- (d) DISTRIBUTING ITS REMAINING ASSETS AMONG ITS MEMBERS OR EQUITY HOLDERS ACCORDING TO THEIR INTERESTS; AND
- (e) DOING EVERY OTHER ACT NECESSARY TO WIND UP AND LIQUIDATE ITS BUSINESS AND AFFAIRS.

(2) UNLESS OTHERWISE STATED IN THE ARTICLES OR BYLAWS, THE ASSETS SHALL BE USED TO PAY, IN THE FOLLOWING ORDER:

- (a) LIQUIDATION EXPENSES, INCLUDING REASONABLE PAYMENT AND REIMBURSEMENT FOR THE TIME AND EXPENSES OF THE TRUSTEES IN LIQUIDATION AND THEIR CONSULTANTS;
- (b) ALL DEBTS AND LIABILITIES ACCORDING TO THEIR RESPECTIVE PRIORITIES;
- (c) AMOUNTS INVESTED IN THE COOPERATIVE THAT HAVE A SPECIFIC PREFERENCE IN LIQUIDATION OVER OTHER AMOUNTS INVESTED IN THE COOPERATIVE;
- (d) WITHOUT PRIORITY AND ON A PRO RATA BASIS, AMOUNTS INVESTED IN THE COOPERATIVE, WHETHER AS MEMBERSHIP FEES, COMMON STOCK, OR OTHERWISE, WHICH ARE REQUIRED BY THE COOPERATIVE TO BE INVESTED IN ORDER FOR A PERSON TO BE A MEMBER OR TO BE SUBJECT TO PER UNIT RETAINS OR BE ENTITLED TO PARTICIPATE IN THE ALLOCATION OF NET MARGINS ON TERMS AND CONDITIONS ESTABLISHED IN THE COOPERATIVE'S BYLAWS OR BY THE COOPERATIVE'S BOARD;
- (e) WITHOUT PRIORITY AND ON A PRO RATA BASIS, RETAINED PATRONAGE, PER UNIT RETAINS, OTHER AMOUNTS WITHHELD FROM OR ALLOCATED TO A PATRON OF THE COOPERATIVE, OR ANY DIRECT CONTRIBUTIONS TO THE CAPITAL OF THE COOPERATIVE NOT DESCRIBED IN PARAGRAPH (d) OF THIS SUBSECTION (2), ALL AS SHOWN ON THE BOOKS AND RECORDS OF THE COOPERATIVE;

(f) ANY REMAINING ASSETS, INCLUDING RESERVES, IF ANY, SHALL BE DISTRIBUTED AMONG SUCH MEMBERS OF THE COOPERATIVE, AS SHOWN IN THE RECORDS OF THE COOPERATIVE, WITHOUT PRIORITY AND ON A PRO RATA BASIS, AS SHALL BE PRACTICABLE AS DETERMINED BY THE TRUSTEES IN LIQUIDATION. IN MAKING THEIR DETERMINATION, THE TRUSTEES IN LIQUIDATION MAY LIMIT THOSE PERSONS ENTITLED TO SHARE IN THE DISTRIBUTION TO PERSONS ENTITLED TO SHARE IN THE ALLOCATION OF THE COOPERATIVE'S NET MARGINS DURING A LIMITED SPECIFIED PERIOD OF TIME;

(g) WITH RESPECT TO PARAGRAPHS (e) AND (f), THE AMOUNTS TO BE DISTRIBUTED SHALL BE PAID TO THE PERSONS ENTITLED TO THEM AS PROMPTLY AS REASONABLY POSSIBLE AFTER THE FILING OF THE ARTICLES OF DISSOLUTION BY THE SECRETARY OF STATE, BUT IN NO EVENT SHALL THE DISTRIBUTIONS BE MADE LATER THAN SEVEN YEARS FOLLOWING THE FILING OF THE ARTICLES OF DISSOLUTION BY THE SECRETARY OF STATE UNLESS DISTRIBUTION IS PREVENTED BY CIRCUMSTANCES BEYOND THE CONTROL OF THE TRUSTEES IN LIQUIDATION.

(3) DISSOLUTION OF A COOPERATIVE DOES NOT:

(a) TRANSFER TITLE TO THE COOPERATIVE'S PROPERTY;

(b) PREVENT TRANSFER OF ITS MEMBERSHIPS OR SECURITIES, ALTHOUGH THE AUTHORIZATION TO DISSOLVE MAY PROVIDE FOR CLOSING THE COOPERATIVE'S MEMBERSHIP, STOCK, OR OTHER EQUITY TRANSFER RECORDS;

(c) SUBJECT ITS DIRECTORS OR OFFICERS TO STANDARDS OF CONDUCT DIFFERENT FROM THOSE OTHERWISE APPLICABLE TO THEM PRIOR TO DISSOLUTION;

(d) CHANGE QUORUM OR VOTING REQUIREMENTS FOR ITS BOARD OR MEMBERS; CHANGE PROVISIONS FOR SELECTION, RESIGNATION, OR REMOVAL OF ITS DIRECTORS OR OFFICERS, OR BOTH; OR CHANGE PROVISIONS FOR AMENDING ITS BYLAWS OR ITS ARTICLES;

(e) PREVENT COMMENCEMENT OF A PROCEEDING BY OR AGAINST THE COOPERATIVE IN ITS COOPERATIVE NAME; OR

(f) ABATE OR SUSPEND A PROCEEDING PENDING BY OR AGAINST THE COOPERATIVE ON THE EFFECTIVE DATE OF DISSOLUTION.

7-56-706. Disposition of known claims by notification. (1) A DISSOLVED COOPERATIVE SHALL DISPOSE OF KNOWN CLAIMS AGAINST IT BY FOLLOWING THE PROCEDURES DESCRIBED IN THIS SECTION.

(2) A DISSOLVED COOPERATIVE SHALL GIVE WRITTEN NOTICE OF THE DISSOLUTION TO KNOWN CLAIMANTS WITHIN NINETY DAYS AFTER THE EFFECTIVE DATE OF THE DISSOLUTION. THE NOTICE SHALL:

(a) DESCRIBE THE INFORMATION THAT MUST BE INCLUDED IN A CLAIM;

(b) PROVIDE AN ADDRESS TO WHICH WRITTEN NOTICE OF ANY CLAIM MUST BE GIVEN TO THE COOPERATIVE;

(c) STATE THE DEADLINE, WHICH MAY NOT BE EARLIER THAN TWO YEARS AFTER THE GIVING OF THE NOTICE OF DISSOLUTION, BY WHICH AN ACTION TO ENFORCE THE CLAIM MUST BE COMMENCED; AND

(d) STATE THAT, UNLESS SOONER BARRED BY ANY OTHER STATUTE LIMITING ACTIONS, THE CLAIM IS BARRED IF AN ACTION TO ENFORCE THE CLAIM IS NOT COMMENCED BY THE DEADLINE.

(3) UNLESS SOONER BARRED BY ANY OTHER STATUTE LIMITING ACTIONS, A CLAIM AGAINST THE DISSOLVED COOPERATIVE, EXCLUDING A CLAIM OF THE STATE OF COLORADO, IS BARRED IF A CLAIMANT RECEIVED THE NOTICE OF DISSOLUTION GIVEN PURSUANT TO SUBSECTION (2) OF THIS SECTION AND AN ACTION TO ENFORCE THE CLAIM WAS NOT COMMENCED BY THE DEADLINE STATED IN THE NOTICE OF DISSOLUTION.

(4) THE FAILURE OF THE DISSOLVED COOPERATIVE TO GIVE NOTICE TO ANY KNOWN CLAIMANT PURSUANT TO SUBSECTION (2) OF THIS SECTION SHALL NOT AFFECT THE DISPOSITION UNDER THIS SECTION OF ANY CLAIM HELD BY ANY OTHER KNOWN CLAIMANT.

(5) FOR PURPOSES OF THIS SECTION, "CLAIM" DOES NOT INCLUDE A CONTINGENT LIABILITY OR A CLAIM BASED ON AN EVENT OCCURRING AFTER THE EFFECTIVE DATE OF DISSOLUTION. FOR PURPOSES OF THIS SECTION, AN ACTION TO ENFORCE A CLAIM INCLUDES AN ARBITRATION OR SIMILAR PROCEEDING UNDER ANY AGREEMENT FOR ALTERNATIVE DISPUTE RESOLUTION BETWEEN THE DISSOLVED COOPERATIVE AND THE CLAIMANT AND INCLUDES A CIVIL ACTION.

7-56-707. Disposition of claims by publication. (1) A DISSOLVED COOPERATIVE MAY PUBLISH NOTICE OF ITS DISSOLUTION AND REQUEST THAT PERSONS WITH CLAIMS AGAINST THE COOPERATIVE PRESENT THEM IN ACCORDANCE WITH THE NOTICE.

(2) THE NOTICE IN SUBSECTION (1) OF THIS SECTION SHALL:

(a) BE PUBLISHED ONE TIME IN A NEWSPAPER OF GENERAL CIRCULATION IN THE COUNTY WHERE THE DISSOLVED COOPERATIVE'S PRINCIPAL OFFICE IS, OR, IF IT HAS NO PRINCIPAL OFFICE IN THIS STATE, WHERE ITS REGISTERED OFFICE IS OR WAS LAST LOCATED;

(b) DESCRIBE THE INFORMATION THAT MUST BE INCLUDED IN A CLAIM AND PROVIDE AN ADDRESS AT WHICH WRITTEN NOTICE OF ANY CLAIM MUST BE GIVEN TO THE COOPERATIVE; AND

(c) STATE THAT, UNLESS SOONER BARRED BY ANY OTHER STATUTE LIMITING ACTIONS, THE CLAIM IS BARRED IF AN ACTION TO ENFORCE THE CLAIM IS NOT COMMENCED WITHIN THREE YEARS AFTER THE PUBLICATION OF THE NOTICE OR WITHIN FOUR MONTHS AFTER THE CLAIM ARISES, WHICHEVER IS LATER.

(3) IF THE DISSOLVED COOPERATIVE PUBLISHES A NOTICE IN ACCORDANCE WITH SUBSECTION (2) OF THIS SECTION, THEN, UNLESS SOONER BARRED UNDER SECTION 7-56-706 OR UNDER ANY OTHER STATUTE LIMITING ACTIONS, THE CLAIM OF ANY CLAIMANT AGAINST THE DISSOLVED COOPERATIVE IS BARRED UNLESS THE CLAIMANT

COMMENCES AN ACTION TO ENFORCE THE CLAIM WITHIN THREE YEARS AFTER THE PUBLICATION DATE OF THE NOTICE OR WITHIN FOUR MONTHS AFTER THE CLAIM ARISES, WHICHEVER IS LATER.

(4) FOR PURPOSES OF THIS SECTION AND EXCEPT WHERE REQUIRED TO BE DISPOSED OF UNDER SECTION 7-56-706, "CLAIM" MEANS ANY CLAIM, EXCLUDING CLAIMS OF THIS STATE, WHETHER KNOWN; DUE OR TO BECOME DUE; ABSOLUTE OR CONTINGENT; LIQUIDATED OR UNLIQUIDATED; FOUNDED ON CONTRACT, TORT, OR OTHER LEGAL BASIS; OR OTHERWISE. FOR PURPOSES OF THIS SECTION, AN ACTION TO ENFORCE A CLAIM INCLUDES AN ARBITRATION OR SIMILAR PROCEEDING UNDER ANY AGREEMENT FOR ALTERNATIVE DISPUTE RESOLUTION BETWEEN THE DISSOLVED COOPERATIVE AND THE CLAIMANT AND INCLUDES A CIVIL ACTION.

7-56-708. Enforcement of claims against dissolved cooperative. (1) A CLAIM MADE UNDER SECTION 7-56-706 OR 7-56-707 MAY BE ENFORCED:

(a) AGAINST THE DISSOLVED COOPERATIVE TO THE EXTENT OF ITS UNDISTRIBUTED ASSETS; AND

(b) IF ASSETS HAVE BEEN DISTRIBUTED IN LIQUIDATION, AGAINST A MEMBER OR EQUITY HOLDER OF THE DISSOLVED COOPERATIVE; EXCEPT THAT A MEMBER OR EQUITY HOLDER'S TOTAL LIABILITY FOR ALL CLAIMS UNDER THIS SECTION MAY NOT EXCEED THE TOTAL VALUE OF ASSETS DISTRIBUTED TO THE MEMBER OR EQUITY HOLDER, AS SUCH VALUE IS DETERMINED AT THE TIME OF DISTRIBUTION. ANY MEMBER OR EQUITY HOLDER REQUIRED TO RETURN ANY PORTION OF THE VALUE OF ASSETS RECEIVED IN LIQUIDATION SHALL BE ENTITLED TO CONTRIBUTION IN ACCORDANCE WITH THE CONTRIBUTING MEMBER OR EQUITY HOLDER'S RIGHTS AND INTERESTS, BUT SUCH AMOUNT SHALL NOT EXCEED THE VALUE OF THE ASSETS RECEIVED BY THE CONTRIBUTING MEMBER OR EQUITY HOLDER IN LIQUIDATION.

7-56-709. Service on dissolved cooperative. (1) A DISSOLVED COOPERATIVE SHALL EITHER:

(a) MAINTAIN A REGISTERED AGENT IN THIS STATE TO ACCEPT SERVICE OF PROCESS ON ITS BEHALF; OR

(b) BE DEEMED TO HAVE AUTHORIZED SERVICE OF PROCESS ON IT BY REGISTERED OR CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO THE ADDRESS OF ITS PRINCIPAL OFFICE, IF ANY, AS SET FORTH IN ITS ARTICLES OF DISSOLUTION OR AS LAST CHANGED BY NOTICE DELIVERED TO THE SECRETARY OF STATE FOR FILING OR TO THE ADDRESS FOR SERVICE OF PROCESS THAT IS STATED IN ITS ARTICLES OF DISSOLUTION.

(2) SERVICE EFFECTED PURSUANT TO PARAGRAPH (b) OF SUBSECTION (1) OF THIS SECTION IS PERFECTED AT THE EARLIEST OF:

(a) THE DATE THE DISSOLVED COOPERATIVE RECEIVES THE PROCESS, NOTICE, OR DEMAND;

(b) THE DATE SHOWN ON THE RETURN RECEIPT, IF SIGNED ON BEHALF OF THE DISSOLVED COOPERATIVE; OR

(c) FIVE DAYS AFTER MAILING.

(3) SUBSECTION (1) OF THIS SECTION DOES NOT PRESCRIBE THE ONLY MEANS, OR NECESSARILY THE REQUIRED MEANS, OF SERVING A DISSOLVED COOPERATIVE.

SUBPART 2 ADMINISTRATIVE DISSOLUTION

7-56-710. Grounds for administrative dissolution. (1) THE SECRETARY OF STATE MAY COMMENCE A PROCEEDING UNDER SECTION 7-56-711 FOR ADMINISTRATIVE DISSOLUTION OF A COOPERATIVE IF:

(a) THE COOPERATIVE DOES NOT PAY ANY TAXES, FEES, OR PENALTIES IMPOSED BY THIS TITLE WHEN THEY ARE DUE;

(b) THE COOPERATIVE DOES NOT DELIVER ITS CORPORATE REPORT TO THE SECRETARY OF STATE PURSUANT TO SECTION 7-56-106 WHEN IT IS DUE;

(c) THE COOPERATIVE IS WITHOUT A REGISTERED AGENT OR REGISTERED OFFICE IN THIS STATE;

(d) THE COOPERATIVE DOES NOT GIVE NOTICE TO THE SECRETARY OF STATE THAT ITS REGISTERED AGENT OR REGISTERED OFFICE HAS BEEN CHANGED, THAT ITS REGISTERED AGENT HAS RESIGNED, OR THAT ITS REGISTERED OFFICE HAS BEEN DISCONTINUED; OR

(e) THE COOPERATIVE'S PERIOD OF DURATION STATED IN ITS ARTICLES HAS EXPIRED.

7-56-711. Procedure for and effect of administrative dissolution. (1) IF THE SECRETARY OF STATE DETERMINES THAT ONE OR MORE GROUNDS EXIST UNDER SECTION 7-56-710 FOR DISSOLVING A COOPERATIVE, THE SECRETARY OF STATE SHALL MAIL WRITTEN NOTICE OF THE DETERMINATION, STATING SUCH GROUND OR GROUNDS, TO THE COOPERATIVE.

(2) IF THE COOPERATIVE DOES NOT, WITHIN SIXTY DAYS AFTER MAILING OF THE NOTICE IN SUBSECTION (1) OF THIS SECTION, CORRECT EACH GROUND FOR DISSOLUTION, OR DEMONSTRATE TO THE REASONABLE SATISFACTION OF THE SECRETARY OF STATE THAT EACH GROUND DETERMINED BY THE SECRETARY OF STATE DOES NOT EXIST, THE SECRETARY OF STATE MAY ADMINISTRATIVELY DISSOLVE THE COOPERATIVE. THE SECRETARY OF STATE SHALL MAIL WRITTEN NOTICE OF THE ADMINISTRATIVE DISSOLUTION, STATING THE EFFECTIVE DATE THEREOF, TO THE LAST REGISTERED AGENT OF THE DISSOLVED COOPERATIVE OR THE REGISTERED OR PRINCIPAL OFFICE OF THE COOPERATIVE IF THERE IS NO SUCH AGENT.

(3) A COOPERATIVE ADMINISTRATIVELY DISSOLVED CONTINUES ITS COOPERATIVE EXISTENCE BUT MAY NOT CARRY ON ANY BUSINESS EXCEPT AS IS APPROPRIATE TO WIND UP AND LIQUIDATE ITS BUSINESS AND AFFAIRS UNDER SECTION 7-56-705 AND TO GIVE NOTICE TO CLAIMANTS IN THE MANNER PROVIDED IN SECTIONS 7-56-706 AND 7-56-707. IF THE COOPERATIVE HAS NOT BEEN REINSTATED PURSUANT TO SECTION 7-56-712 WITHIN ONE HUNDRED TWENTY DAYS AFTER THE EFFECTIVE DATE OF THE

ADMINISTRATIVE DISSOLUTION UNDER SUBSECTION (2) OF THIS SECTION, THE COOPERATIVE'S NAME SHALL INCLUDE THE WORDS "A DISSOLVED COLORADO COOPERATIVE" AND THE YEAR OF DISSOLUTION.

(4) THE ADMINISTRATIVE DISSOLUTION OF A COOPERATIVE TERMINATES THE AUTHORITY OF ITS REGISTERED AGENT.

(5) UPON THE ADMINISTRATIVE DISSOLUTION OF A COOPERATIVE, THE SECRETARY OF STATE SHALL BE THE DISSOLVED COOPERATIVE'S AGENT FOR SERVICE OF PROCESS. SERVICE OF PROCESS ON THE SECRETARY OF STATE UNDER THIS SUBSECTION (5) IS SERVICE ON THE DISSOLVED COOPERATIVE. UPON RECEIPT OF PROCESS, THE SECRETARY OF STATE SHALL DELIVER A COPY OF THE PROCESS TO THE DISSOLVED COOPERATIVE AT ITS PRINCIPAL OFFICE.

7-56-712. Reinstatement following administrative dissolution. (1) A COOPERATIVE ADMINISTRATIVELY DISSOLVED UNDER SECTION 7-56-711 MAY APPLY TO THE SECRETARY OF STATE FOR REINSTATEMENT WITHIN TWO YEARS AFTER THE EFFECTIVE DATE OF DISSOLUTION BY DELIVERING TO THE SECRETARY OF STATE FOR FILING AN APPLICATION FOR REINSTATEMENT THAT STATES:

(a) THE EFFECTIVE DATE OF ITS ADMINISTRATIVE DISSOLUTION AND ITS COOPERATIVE NAME ON THAT DATE;

(b) THAT THE GROUND OR GROUNDS FOR DISSOLUTION EITHER DID NOT EXIST OR HAVE BEEN ELIMINATED;

(c) THE NAME UNDER WHICH THE COOPERATIVE IS BEING REINSTATED AND THAT SUCH NAME SATISFIES THE REQUIREMENTS OF SECTION 7-56-206;

(d) THAT ALL TAXES, FEES, OR PENALTIES IMPOSED BY THIS TITLE HAVE BEEN PAID, INCLUDING THOSE THAT WERE OR WOULD HAVE BEEN IMPOSED DURING THE PERIOD OF ADMINISTRATIVE DISSOLUTION THAT SHALL BE PAID PRIOR TO REINSTATEMENT;

(e) THE ADDRESS OF ITS REGISTERED OFFICE IN THIS STATE AND THE NAME OF ITS REGISTERED AGENT AT THAT OFFICE; AND

(f) SUCH ADDITIONAL INFORMATION AS THE SECRETARY OF STATE MAY REQUIRE BY RULE.

(2) THE COOPERATIVE SHALL INCLUDE IN THE APPLICATION FOR REINSTATEMENT, OR IN AN ACCOMPANYING DOCUMENT, THE WRITTEN CONSENT TO APPOINTMENT BY THE DESIGNATED REGISTERED AGENT.

(3) IF THE SECRETARY OF STATE DETERMINES THAT THE APPLICATION FOR REINSTATEMENT CONTAINS THE INFORMATION REQUIRED BY SUBSECTIONS (1) AND (2) OF THIS SECTION AND THAT THE INFORMATION IS CORRECT, THE SECRETARY OF STATE SHALL REVOKE THE ADMINISTRATIVE DISSOLUTION. THE SECRETARY OF STATE SHALL MAIL WRITTEN NOTICE OF THE REVOCATION, STATING THE EFFECTIVE DATE OF THE REVOCATION, TO THE COOPERATIVE.

(4) WHEN THE REINSTATEMENT IS EFFECTIVE, IT RELATES BACK TO AND TAKES

EFFECT AS OF THE EFFECTIVE DATE OF THE ADMINISTRATIVE DISSOLUTION, AND THE COOPERATIVE MAY CARRY ON ITS BUSINESS, UNDER THE NAME STATED PURSUANT TO PARAGRAPH (c) OF SUBSECTION (1) OF THIS SECTION, AS IF THE ADMINISTRATIVE DISSOLUTION HAD NEVER OCCURRED; EXCEPT THAT, IF, DURING THE PERIOD PRIOR TO ITS REINSTATEMENT, ANOTHER ENTITY SHALL HAVE LAWFULLY COMMENCED TO USE THE NAME THE COOPERATIVE USED PRIOR TO ITS ADMINISTRATIVE DISSOLUTION, THE COOPERATIVE SHALL BE REQUIRED TO TAKE APPROPRIATE STEPS TO ADOPT A NEW NAME.

7-56-713. Appeal from denial of reinstatement. (1) IF THE SECRETARY OF STATE DENIES A COOPERATIVE'S APPLICATION FOR REINSTATEMENT FOLLOWING ADMINISTRATIVE DISSOLUTION, THE SECRETARY OF STATE SHALL MAIL WRITTEN NOTICE SETTING FORTH THE REASON FOR SUCH DENIAL.

(2) THE COOPERATIVE MAY APPEAL THE DENIAL OF REINSTATEMENT TO THE DISTRICT COURT OF THE COUNTY WHERE THE REGISTERED OR PRINCIPAL OFFICE OF THE COOPERATIVE IS LOCATED WITHIN THIRTY DAYS AFTER MAILING OF THE NOTICE OF DENIAL BY PETITIONING THE COURT TO SET ASIDE THE DISSOLUTION AND ATTACHING TO THE PETITION COPIES OF THE SECRETARY OF STATE'S NOTICE OF DISSOLUTION, THE COOPERATIVE'S APPLICATION FOR REINSTATEMENT, AND THE SECRETARY OF STATE'S NOTICE OF DENIAL.

(3) THE COURT MAY SUMMARILY ORDER THE SECRETARY OF STATE TO REINSTATE THE DISSOLVED COOPERATIVE OR MAY TAKE ANY OTHER ACTION THE COURT CONSIDERS APPROPRIATE.

(4) THE COURT'S ORDER OR DECISION MAY BE APPEALED AS IN OTHER CIVIL PROCEEDINGS.

SUBPART 3 JUDICIAL DISSOLUTION

7-56-714. Grounds for judicial dissolution. (1) A COOPERATIVE MAY BE DISSOLVED IN A PROCEEDING BROUGHT IN COURT BY THE ATTORNEY GENERAL IF IT IS ESTABLISHED THAT:

(a) THE COOPERATIVE OBTAINED ITS ORGANIZATION THROUGH FRAUD; OR

(b) THE COOPERATIVE HAS EXCEEDED OR ABUSED THE AUTHORITY CONFERRED UPON IT BY LAW.

(2) A COOPERATIVE MAY BE DISSOLVED IN A PROCEEDING BROUGHT IN COURT BY NOT LESS THAN TEN PERCENT OF THE TOTAL NUMBER OF MEMBERS IF IT IS ESTABLISHED THAT:

(a) THE DIRECTORS ARE DEADLOCKED IN THE MANAGEMENT OF THE COOPERATIVE'S AFFAIRS, THE MEMBERS ARE UNABLE TO BREAK THE DEADLOCK, AND IRREPARABLE INJURY TO THE COOPERATIVE IS THREATENED OR SUFFERED, OR THE BUSINESS AND AFFAIRS OF THE COOPERATIVE CAN NO LONGER BE CONDUCTED TO THE ADVANTAGE OF THE MEMBERS GENERALLY;

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

(c) THE MEMBERS ARE DEADLOCKED IN VOTING POWER AND HAVE FAILED FOR A PERIOD THAT INCLUDES AT LEAST TWO CONSECUTIVE ANNUAL MEETING DATES, TO ELECT SUCCESSORS TO DIRECTORS WHOSE TERMS HAVE EXPIRED OR WOULD HAVE EXPIRED UPON THE ELECTION OF THEIR SUCCESSORS.

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

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

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

(4) (a) IF A COOPERATIVE HAS BEEN DISSOLVED BY VOLUNTARY OR ADMINISTRATIVE ACTION TAKEN UNDER SECTIONS 7-56-701 TO 7-56-713:

(I) THE COOPERATIVE MAY BRING A PROCEEDING IN COURT TO WIND UP AND LIQUIDATE ITS BUSINESS AND AFFAIRS UNDER JUDICIAL SUPERVISION IN ACCORDANCE WITH SECTION 7-56-716; OR

(II) THE ATTORNEY GENERAL, A MEMBER, OR A CREDITOR, AS THE CASE MAY BE, MAY BRING A PROCEEDING IN COURT TO WIND UP AND LIQUIDATE THE BUSINESS AND AFFAIRS OF THE COOPERATIVE UNDER JUDICIAL SUPERVISION IN ACCORDANCE WITH SECTION 7-56-716, UPON ESTABLISHING THE GROUNDS SET FORTH FOR SUCH PERSON, RESPECTIVELY, IN SUBSECTIONS (1) TO (3) OF THIS SECTION.

(b) AS USED IN SECTIONS 7-56-715 TO 7-56-717, A "JUDICIAL PROCEEDING TO DISSOLVE THE COOPERATIVE" INCLUDES A PROCEEDING BROUGHT UNDER THIS SUBSECTION (4), AND A "DECREE OF DISSOLUTION" INCLUDES AN ORDER OF COURT ENTERED IN A PROCEEDING UNDER THIS SUBSECTION (4) THAT DIRECTS THAT THE BUSINESS AND AFFAIRS OF A COOPERATIVE BE WOUND UP AND LIQUIDATED UNDER JUDICIAL SUPERVISION.

7-56-715. Procedure for judicial dissolution. (1) A JUDICIAL PROCEEDING TO DISSOLVE A COOPERATIVE BROUGHT BY THE ATTORNEY GENERAL SHALL BE BROUGHT IN THE DISTRICT COURT OF THE COUNTY IN THIS STATE IN WHICH THE PRINCIPAL OFFICE OR REGISTERED OFFICE OF THE COOPERATIVE IS SITUATED. A PROCEEDING BROUGHT BY ANY OTHER PARTY NAMED IN SECTION 7-56-714 SHALL BE BROUGHT IN THE DISTRICT COURT OF THE COUNTY IN THIS STATE WHERE THE COOPERATIVE'S PRINCIPAL OFFICE IS LOCATED OR, IF IT HAS NO PRINCIPAL OFFICE IN THIS STATE, IN THE DISTRICT COURT OF THE COUNTY WHERE ITS REGISTERED OFFICE IS OR WAS LAST LOCATED.

(2) A COURT IN A PROCEEDING BROUGHT TO DISSOLVE A COOPERATIVE MAY ISSUE INJUNCTIONS, APPOINT A RECEIVER OR CUSTODIAN PENDENTE LITE WITH ALL POWERS

AND DUTIES THE COURT DIRECTS, TAKE OTHER ACTION REQUIRED TO PRESERVE THE COOPERATIVE'S ASSETS, WHEREVER LOCATED, AND CARRY ON THE BUSINESS OF THE COOPERATIVE UNTIL A FULL HEARING CAN BE HELD.

7-56-716. Receivership or custodianship. (1) A COURT IN A JUDICIAL PROCEEDING BROUGHT TO DISSOLVE A COOPERATIVE MAY APPOINT ONE OR MORE RECEIVERS TO WIND UP AND LIQUIDATE, OR ONE OR MORE CUSTODIANS TO MANAGE THE BUSINESS AND AFFAIRS OF THE COOPERATIVE. THE COURT SHALL HOLD A HEARING, AFTER GIVING NOTICE TO ALL PARTIES TO THE PROCEEDING AND ANY INTERESTED PERSONS DESIGNATED BY THE COURT, BEFORE APPOINTING A RECEIVER OR CUSTODIAN PURSUANT TO THIS SECTION. THE COURT APPOINTING A RECEIVER OR CUSTODIAN HAS EXCLUSIVE JURISDICTION OVER THE COOPERATIVE AND ALL OF ITS PROPERTY, WHEREVER LOCATED.

(2) THE COURT MAY APPOINT AN INDIVIDUAL OR A DOMESTIC OR FOREIGN COOPERATIVE OR OTHER ENTITY AUTHORIZED TO TRANSACT BUSINESS IN THIS STATE AS A RECEIVER OR CUSTODIAN. THE COURT MAY REQUIRE THE RECEIVER OR CUSTODIAN TO POST BOND, WITH OR WITHOUT SURETIES, IN AN AMOUNT THE COURT DIRECTS.

(3) THE COURT SHALL DESCRIBE THE POWERS AND DUTIES OF THE RECEIVER OR CUSTODIAN IN ITS APPOINTING ORDER, WHICH MAY BE AMENDED FROM TIME TO TIME. AMONG OTHER POWERS:

(a) THE RECEIVER MAY:

(I) DISPOSE OF ALL OR ANY PART OF THE PROPERTY OF THE COOPERATIVE, WHEREVER LOCATED, AT A PUBLIC OR PRIVATE SALE, IF AUTHORIZED BY THE COURT; AND

(II) SUE AND DEFEND IN THE RECEIVER'S OWN NAME AS RECEIVER OF THE COOPERATIVE IN ALL COURTS; OR

(b) THE CUSTODIAN MAY EXERCISE ALL OF THE POWERS OF THE COOPERATIVE, THROUGH OR IN PLACE OF ITS BOARD OR OFFICERS, TO THE EXTENT NECESSARY TO MANAGE THE AFFAIRS OF THE COOPERATIVE IN THE BEST INTERESTS OF ITS MEMBERS AND CREDITORS.

(4) THE COURT, DURING A RECEIVERSHIP, MAY REDESIGNATE THE RECEIVER AS CUSTODIAN, AND DURING A CUSTODIANSHIP MAY REDESIGNATE THE CUSTODIAN AS RECEIVER IF DOING SO IS IN THE BEST INTERESTS OF THE COOPERATIVE AND ITS MEMBERS AND CREDITORS.

(5) THE COURT FROM TIME TO TIME DURING THE RECEIVERSHIP OR CUSTODIANSHIP MAY ORDER COMPENSATION PAID AND EXPENSE DISBURSEMENTS OR REIMBURSEMENTS MADE TO THE RECEIVER OR CUSTODIAN AND SUCH PERSON'S COUNSEL FROM THE ASSETS OF THE COOPERATIVE OR PROCEEDS FROM THE SALE OF THE ASSETS.

7-56-717. Decree of dissolution. (1) IF AFTER A HEARING THE COURT DETERMINES THAT ONE OR MORE GROUNDS FOR JUDICIAL DISSOLUTION DESCRIBED IN

SECTION 7-56-714 EXIST, IT MAY ENTER A DECREE DISSOLVING THE COOPERATIVE AND SPECIFYING THE EFFECTIVE DATE OF THE DISSOLUTION, AND THE CLERK OF THE COURT SHALL DELIVER A CERTIFIED COPY OF THE DECREE TO THE SECRETARY OF STATE, WHO SHALL FILE IT.

(2) AFTER ENTERING THE DECREE OF DISSOLUTION, THE COURT SHALL DIRECT THE WINDING UP AND LIQUIDATION OF THE COOPERATIVE'S BUSINESS AND AFFAIRS IN ACCORDANCE WITH SECTION 7-56-705 OR 7-56-716 AND THE GIVING OF NOTICE TO THE COOPERATIVE'S REGISTERED AGENT, OR TO THE SECRETARY OF STATE IF IT HAS NO REGISTERED AGENT, AND TO CLAIMANTS IN ACCORDANCE WITH SECTIONS 7-56-706 AND 7-56-707. IN THE DECREE OF DISSOLUTION, OR OTHERWISE, THE COURT SHALL DIRECT THAT THE COOPERATIVE'S NAME SHALL INCLUDE THE WORDS "A DISSOLVED COLORADO COOPERATIVE" AND THE YEAR OF DISSOLUTION.

(3) THE ASSETS OF THE DISSOLVED COOPERATIVE, AFTER PAYMENT OF ADMINISTRATIVE EXPENSES, SHALL BE DISTRIBUTED IN ACCORDANCE WITH THE PROVISIONS OF SECTION 7-56-705.

(4) THE COURT'S ORDER OR DECISION MAY BE APPEALED AS IN OTHER CIVIL PROCEEDINGS.

SUBPART 4 MISCELLANEOUS

7-56-718. Certain assignments of assets in dissolution. IN THE WINDING UP OF THE AFFAIRS OF A COOPERATIVE WHEN CERTAIN ASSETS ARE NOT LIQUID AND SECURED CREDITORS HAVING CLAIM ON THESE ASSETS HAVE BEEN SATISFIED, THE TRUSTEES IN LIQUIDATION OR OTHER PERSONS CHARGED WITH WINDING UP THE COOPERATIVE'S AFFAIRS ARE AUTHORIZED TO MAKE ASSIGNMENT OF SUCH ASSETS TO THE UNSECURED CREDITORS IN SETTLEMENT OF THEIR CLAIMS. IF ASSIGNMENT IS REFUSED IN WRITING, AND IN THE JUDGMENT OF THE TRUSTEES THERE IS NO LIQUIDITY OR MARKET VALUE AND THE COSTS INVOLVED IN DELAYING THE WINDING UP OF THE AFFAIRS OF THE COOPERATIVE EXCEED THE POTENTIAL BENEFITS, THE TRUSTEES ARE AUTHORIZED TO ASSIGN THE ASSETS OR FUTURE PROCEEDS TO ANY LOCAL OR STATEWIDE NONPROFIT ORGANIZATION THAT HAS AS ONE OF ITS PRINCIPAL PURPOSES EDUCATION OR COMMUNITY SERVICE. THE TRUSTEES SHALL UNDER NO CIRCUMSTANCES BE LIABLE TO ANY MEMBER OR EQUITY HOLDER IN THE COOPERATIVE FOR ANY CLAIM ON ANY ASSETS ASSIGNED BY THE TRUSTEES PURSUANT TO THE AUTHORITY OF THIS SECTION.

PART 8 FOREIGN COOPERATIVES

7-56-801. Authority to transact business required. (1) A FOREIGN COOPERATIVE SHALL NOT TRANSACT BUSINESS IN THIS STATE UNTIL ITS APPLICATION FOR AUTHORITY TO TRANSACT BUSINESS IS FILED BY THE SECRETARY OF STATE. THIS ARTICLE SHALL BE APPLICABLE TO FOREIGN COOPERATIVES THAT CONDUCT A BUSINESS GOVERNED BY OTHER STATUTES OF THIS STATE ONLY TO THE EXTENT THIS ARTICLE IS NOT INCONSISTENT WITH SUCH OTHER STATUTES.

(2) A FOREIGN COOPERATIVE SHALL NOT BE CONSIDERED TO BE TRANSACTING BUSINESS IN THIS STATE WITHIN THE MEANING OF SUBSECTION (1) OF THIS SECTION BY

REASON OF CARRYING ON IN THIS STATE ANY ONE OR MORE OF THE FOLLOWING ACTIVITIES:

(a) MAINTAINING, DEFENDING, OR SETTling IN ITS OWN BEHALF ANY PROCEEDING OR DISPUTE;

(b) HOLDING MEETINGS OF ITS BOARD OF DIRECTORS OR MEMBERS OR CARRYING ON OTHER ACTIVITIES CONCERNING INTERNAL COOPERATIVE AFFAIRS;

(c) MAINTAINING BANK ACCOUNTS;

(d) SELLING THROUGH INDEPENDENT CONTRACTORS;

(e) SOLICITING OR OBTAINING ORDERS, WHETHER BY MAIL OR THROUGH EMPLOYEES OR AGENTS OR OTHERWISE, IF THE ORDERS REQUIRE ACCEPTANCE OUTSIDE THIS STATE BEFORE THEY BECOME CONTRACTS;

(f) CREATING, AS BORROWER OR LENDER, OR ACQUIRING INDEBTEDNESS, MORTGAGES, OR OTHER SECURITY INTERESTS IN REAL OR PERSONAL PROPERTY, IF SUCH ACTIVITIES ARE NOT IN THE REGULAR COURSE OF THE FOREIGN COOPERATIVE'S BUSINESS;

(g) SECURING OR COLLECTING DEBTS IN ITS OWN BEHALF OR ENFORCING MORTGAGES OR SECURITY INTERESTS IN PROPERTY SECURING SUCH DEBTS;

(h) OWNING, WITHOUT MORE, REAL OR PERSONAL PROPERTY;

(i) CONDUCTING AN ISOLATED TRANSACTION THAT IS COMPLETED WITHIN THIRTY DAYS AND THAT IS NOT ONE IN THE COURSE OF REPEATED TRANSACTIONS OF A LIKE NATURE;

(j) TRANSACTING BUSINESS THROUGH THIS STATE SOLELY IN INTERSTATE COMMERCE.

(3) THE LIST OF ACTIVITIES IN SUBSECTION (2) OF THIS SECTION IS NOT INTENDED TO BE EXHAUSTIVE.

(4) NOTHING IN THIS SECTION SHALL LIMIT OR AFFECT THE RIGHT TO SUBJECT A FOREIGN COOPERATIVE THAT DOES NOT, OR IS NOT REQUIRED TO, HAVE AUTHORITY TO TRANSACT BUSINESS IN THIS STATE TO THE JURISDICTION OF THE COURTS OF THIS STATE OR TO SERVE UPON ANY FOREIGN COOPERATIVE ANY PROCESS, NOTICE, OR DEMAND REQUIRED OR PERMITTED BY LAW TO BE SERVED UPON A COOPERATIVE PURSUANT TO SECTIONS 13-1-124 AND 13-1-125, C.R.S., OR ANY OTHER PROVISION OF LAW NOT IN ARTICLES 101 TO 117 OF THIS TITLE OR PURSUANT TO THE APPLICABLE RULES OF CIVIL PROCEDURE.

7-56-802. Consequences of transacting business without authority. (1) NO FOREIGN COOPERATIVE TRANSACTING BUSINESS IN THIS STATE WITHOUT AUTHORITY NOR ANYONE ON ITS BEHALF SHALL BE PERMITTED TO MAINTAIN A PROCEEDING IN ANY COURT IN THIS STATE UNTIL AN APPLICATION FOR AUTHORITY TO TRANSACT BUSINESS IS FILED.

(2) A FOREIGN COOPERATIVE THAT TRANSACTS BUSINESS IN THIS STATE WITHOUT AUTHORITY SHALL BE LIABLE TO THIS STATE IN AN AMOUNT EQUAL TO ALL FEES IMPOSED BY THIS TITLE OR PRIOR LAW THAT WOULD HAVE BEEN PAID FOR ALL YEARS OR PORTIONS THEREOF DURING WHICH IT TRANSACTED BUSINESS IN THIS STATE WITHOUT AUTHORITY, PLUS ALL PENALTIES IMPOSED BY THIS STATE FOR FAILURE TO PAY SUCH FEES. NO APPLICATION FOR AUTHORITY TO TRANSACT BUSINESS SHALL BE FILED UNTIL PAYMENT OF THE AMOUNTS DUE UNDER THIS SUBSECTION (2) IS MADE.

(3) A FOREIGN COOPERATIVE THAT TRANSACTS BUSINESS IN THIS STATE WITHOUT AUTHORITY SHALL BE SUBJECT TO A CIVIL PENALTY, PAYABLE TO THIS STATE, NOT TO EXCEED FIVE THOUSAND DOLLARS. EACH OFFICER OF A FOREIGN COOPERATIVE WHO AUTHORIZES, DIRECTS, OR PARTICIPATES IN THE TRANSACTION OF BUSINESS IN THIS STATE WITHOUT AUTHORITY AND EACH AGENT OF A FOREIGN COOPERATIVE WHO TRANSACTS BUSINESS IN THIS STATE ON BEHALF OF A FOREIGN COOPERATIVE THAT DOES NOT HAVE SUCH AUTHORITY SHALL BE SUBJECT TO A CIVIL PENALTY, PAYABLE TO THIS STATE, NOT TO EXCEED ONE THOUSAND DOLLARS.

(4) THE AMOUNTS DUE TO THIS STATE UNDER THE PROVISIONS OF THIS SECTION, INCLUDING THE CIVIL PENALTIES SET FORTH IN SUBSECTIONS (2) AND (3) OF THIS SECTION, MAY BE RECOVERED IN AN ACTION BROUGHT BY THE ATTORNEY GENERAL IN THE DISTRICT COURT IN AND FOR THE CITY AND COUNTY OF DENVER. UPON A FINDING BY THE COURT THAT A FOREIGN COOPERATIVE OR ANY OF ITS OFFICERS OR AGENTS HAS TRANSACTED BUSINESS IN THIS STATE IN VIOLATION OF THIS ARTICLE, THE COURT SHALL ISSUE, IN ADDITION TO OR IN LIEU OF THE IMPOSITION OF A CIVIL PENALTY, AN INJUNCTION RESTRAINING THE FURTHER TRANSACTION OF THE BUSINESS OF THE FOREIGN COOPERATIVE AND THE FURTHER EXERCISE OF ANY RIGHTS AND PRIVILEGES IN THIS STATE. THE FOREIGN COOPERATIVE SHALL BE ENJOINED FROM TRANSACTING BUSINESS IN THIS STATE UNTIL ALL CIVIL PENALTIES PLUS ANY INTEREST AND COURT COSTS THAT THE COURT MAY ASSESS HAVE BEEN PAID, AND UNTIL THE FOREIGN COOPERATIVE HAS OTHERWISE COMPLIED WITH THE PROVISIONS OF THIS ARTICLE.

(5) NOTWITHSTANDING SUBSECTION (1) OF THIS SECTION, THE FAILURE OF A FOREIGN COOPERATIVE TO HAVE AUTHORITY TO TRANSACT BUSINESS IN THIS STATE DOES NOT IMPAIR THE VALIDITY OF ITS ACTS OR PREVENT IT FROM DEFENDING ANY PROCEEDING IN THIS STATE.

7-56-803. Application for authority to transact business. (1) A FOREIGN COOPERATIVE MAY APPLY FOR AUTHORITY TO TRANSACT BUSINESS IN THIS STATE BY DELIVERING TO THE SECRETARY OF STATE FOR FILING AN APPLICATION FOR AUTHORITY TO TRANSACT BUSINESS SETTING FORTH:

- (a) ITS COOPERATIVE NAME;
- (b) THE NAME OF THE STATE OR COUNTRY UNDER WHOSE LAW IT IS ORGANIZED;
- (c) ITS DATE OF ORGANIZATION AND PERIOD OF DURATION;
- (d) THE STREET ADDRESS OF ITS PRINCIPAL OFFICE;
- (e) THE ADDRESS OF ITS REGISTERED OFFICE IN THIS STATE AND THE NAME OF ITS

REGISTERED AGENT AT THAT OFFICE;

(f) THE NAMES AND USUAL BUSINESS ADDRESSES OF ITS DIRECTORS AND OFFICERS;

(g) THE DATE IT COMMENCED OR EXPECTS TO COMMENCE TRANSACTING BUSINESS IN THIS STATE; AND

(h) SUCH ADDITIONAL INFORMATION AS THE SECRETARY OF STATE MAY REQUIRE BY RULE IN ORDER TO DETERMINE WHETHER THE APPLICATION FOR AUTHORITY TO TRANSACT BUSINESS SHOULD BE FILED.

(2) THE FOREIGN COOPERATIVE SHALL DELIVER, WITH THE COMPLETED APPLICATION FOR AUTHORITY TO TRANSACT BUSINESS, A CERTIFICATE OF EXISTENCE, OR A DOCUMENT OF SIMILAR IMPORT, DULY AUTHENTICATED BY THE SECRETARY OF STATE OR OTHER OFFICIAL HAVING CUSTODY OF COOPERATIVE RECORDS IN THE STATE OR COUNTRY UNDER WHOSE LAW THE FOREIGN COOPERATIVE IS ORGANIZED. SUCH CERTIFICATE SHALL BE DATED WITHIN NINETY DAYS BEFORE THE FILING OF THE APPLICATION FOR AUTHORITY TO TRANSACT BUSINESS.

7-56-804. Amended application for authority to transact business. (1) A FOREIGN COOPERATIVE AUTHORIZED TO TRANSACT BUSINESS IN THIS STATE SHALL DELIVER AN AMENDED APPLICATION FOR AUTHORITY TO TRANSACT BUSINESS TO THE SECRETARY OF STATE FOR FILING IF THE FOREIGN COOPERATIVE:

(a) CHANGES ITS COOPERATIVE NAME OR ITS ASSUMED COOPERATIVE NAME;

(b) CHANGES THE PERIOD OF ITS DURATION; OR

(c) CHANGES THE STATE OR COUNTRY OF ITS ORGANIZATION.

(2) THE REQUIREMENTS OF SECTION 7-56-803 FOR FILING AN ORIGINAL APPLICATION FOR AUTHORITY TO TRANSACT BUSINESS ALSO APPLY TO FILING AN AMENDED APPLICATION FOR AUTHORITY TO TRANSACT BUSINESS UNDER THIS SECTION.

7-56-805. Effect of filing an application for authority to transact business. (1) FILING AN APPLICATION FOR AUTHORITY TO TRANSACT BUSINESS AUTHORIZES THE FOREIGN COOPERATIVE TO TRANSACT BUSINESS IN THIS STATE, SUBJECT TO THE RIGHT OF THE STATE TO REVOKE SUCH AUTHORITY AS PROVIDED IN SECTION 7-56-811 OF THIS ARTICLE.

(2) A FOREIGN COOPERATIVE THAT HAS AUTHORITY TO TRANSACT BUSINESS IN THIS STATE HAS THE SAME RIGHTS AND PRIVILEGES AS, BUT NO GREATER RIGHTS OR PRIVILEGES THAN, AND IS SUBJECT TO THE SAME DUTIES, RESTRICTIONS, PENALTIES, AND LIABILITIES NOW IMPOSED ON OR LATER TO BE IMPOSED ON, A DOMESTIC COOPERATIVE OF LIKE CHARACTER.

(3) THIS ARTICLE DOES NOT AUTHORIZE THIS STATE TO REGULATE THE ORGANIZATION OR INTERNAL AFFAIRS OF A FOREIGN COOPERATIVE AUTHORIZED TO TRANSACT BUSINESS IN THIS STATE.

7-56-806. Cooperative name and assumed cooperative name of foreign

cooperative. (1) EXCEPT AS PROVIDED IN SUBSECTION (2) OF THIS SECTION, IF THE COOPERATIVE NAME OF A FOREIGN COOPERATIVE WOULD NOT SATISFY THE REQUIREMENTS OF SUBSECTIONS (1) OR (2) OF SECTION 7-56-206 IF THE COOPERATIVE WERE A DOMESTIC COOPERATIVE, THE FOREIGN COOPERATIVE, IN ORDER TO OBTAIN AUTHORITY TO TRANSACT BUSINESS IN THIS STATE, SHALL ASSUME FOR USE IN THIS STATE A NAME THAT WOULD SATISFY SUCH REQUIREMENTS.

(2) A FOREIGN COOPERATIVE MAY OBTAIN AUTHORITY TO TRANSACT BUSINESS IN THIS STATE WITH A NAME THE SAME AS OR DECEPTIVELY SIMILAR TO A NAME OTHERWISE NOT AVAILABLE UNDER SUBSECTION (1) OF THIS SECTION IF THE FOREIGN COOPERATIVE DELIVERS TO THE SECRETARY OF STATE FOR FILING EITHER:

(a) THE WRITTEN CONSENT OF THE OTHER COOPERATIVE OR HOLDER OF THE NAME TO USE THE SAME OR A DECEPTIVELY SIMILAR NAME IF ONE OR MORE WORDS ARE ADDED, ALTERED, OR DELETED TO MAKE THE NAME DISTINGUISHABLE ON THE RECORDS OF THE SECRETARY OF STATE FROM THE OTHER NAME; OR

(b) A CERTIFIED COPY OF A FINAL DECREE OF A COURT OF COMPETENT JURISDICTION ESTABLISHING THE PRIOR RIGHT OF THE FOREIGN COOPERATIVE TO USE SUCH NAME IN THIS STATE.

(3) IF A FOREIGN COOPERATIVE AUTHORIZED TO TRANSACT BUSINESS IN THIS STATE UNDER ITS COOPERATIVE NAME CHANGES ITS COOPERATIVE NAME TO ONE THAT DOES NOT SATISFY THE REQUIREMENTS OF THE PROVISIONS OF THIS SECTION, IT MAY NOT TRANSACT BUSINESS IN THIS STATE UNDER ITS COOPERATIVE NAME AS CHANGED, AND IT SHALL USE AN ASSUMED COOPERATIVE NAME AND DELIVER TO THE SECRETARY OF STATE FOR FILING AN AMENDED APPLICATION FOR AUTHORITY TO TRANSACT BUSINESS PURSUANT TO SECTION 7-56-804.

(4) A FOREIGN COOPERATIVE MAY RESERVE ITS COOPERATIVE NAME, IF THE COOPERATIVE NAME IS NOT THE SAME AS OR DECEPTIVELY SIMILAR TO ANY NAME DESCRIBED IN SECTION 7-56-206 (1), IN ACCORDANCE WITH SECTIONS 7-56-206 (3) AND 7-104-102. SUCH REGISTRATION SHALL BE EFFECTIVE THROUGH DECEMBER 31 OF THE YEAR IN WHICH IT BECOMES EFFECTIVE.

7-56-807. Registered office and registered agent of foreign cooperative.

(1) A FOREIGN COOPERATIVE AUTHORIZED TO TRANSACT BUSINESS IN THIS STATE SHALL CONTINUOUSLY MAINTAIN IN THIS STATE:

(a) A REGISTERED OFFICE; AND

(b) A REGISTERED AGENT, WHO MAY BE:

(I) AN INDIVIDUAL WHO RESIDES IN THIS STATE AND WHOSE BUSINESS OFFICE IS IDENTICAL WITH THE REGISTERED OFFICE;

(II) A DOMESTIC COOPERATIVE OR DOMESTIC NONPROFIT COOPERATIVE WHOSE BUSINESS OFFICE IS IDENTICAL WITH THE REGISTERED OFFICE; OR

(III) A FOREIGN COOPERATIVE OR FOREIGN NONPROFIT COOPERATIVE AUTHORIZED TO TRANSACT BUSINESS IN THIS STATE WHOSE BUSINESS OFFICE IS IDENTICAL WITH

THE REGISTERED OFFICE.

(2) A FOREIGN COOPERATIVE SHALL NOT SERVE AS ITS OWN REGISTERED AGENT.

(3) A FOREIGN COOPERATIVE AUTHORIZED TO TRANSACT BUSINESS IN THIS STATE MAY CHANGE ITS REGISTERED OFFICE OR REGISTERED AGENT IN ACCORDANCE WITH SECTION 7-56-408 (2).

(4) THE REGISTERED AGENT OF A FOREIGN COOPERATIVE AUTHORIZED TO TRANSACT BUSINESS IN THIS STATE MAY RESIGN THE AGENCY IN ACCORDANCE WITH SECTION 7-56-408 (3).

7-56-808. Service on foreign cooperative. (1) THE REGISTERED AGENT OF A FOREIGN COOPERATIVE AUTHORIZED TO TRANSACT BUSINESS IN THIS STATE IS THE FOREIGN COOPERATIVE'S AGENT FOR SERVICE OF ANY PROCESS, NOTICE, OR DEMAND REQUIRED OR PERMITTED BY LAW TO BE SERVED ON THE FOREIGN COOPERATIVE.

(2) IF A FOREIGN COOPERATIVE AUTHORIZED TO TRANSACT BUSINESS IN THIS STATE NO LONGER HAS A REGISTERED AGENT IN THIS STATE, OR THE REGISTERED AGENT CANNOT WITH REASONABLE DILIGENCE BE SERVED, THE FOREIGN COOPERATIVE MAY BE SERVED BY REGISTERED OR CERTIFIED MAIL, RETURN RECEIPT REQUESTED, ADDRESSED TO THE FOREIGN COOPERATIVE AT ITS PRINCIPAL OFFICE. SERVICE IS PERFECTED UNDER THIS SUBSECTION (2) AT THE EARLIEST OF:

(a) THE DATE THE FOREIGN COOPERATIVE RECEIVES THE PROCESS, NOTICE, OR DEMAND;

(b) THE DATE SHOWN ON THE RETURN RECEIPT, IF SIGNED ON BEHALF OF THE FOREIGN COOPERATIVE; OR

(c) FIVE DAYS AFTER MAILING.

(3) THIS SECTION DOES NOT PRESCRIBE THE ONLY MEANS, OR NECESSARILY THE REQUIRED MEANS, OF SERVING A FOREIGN COOPERATIVE AUTHORIZED TO TRANSACT BUSINESS IN THIS STATE.

7-56-809. Withdrawal of foreign cooperative. (1) A FOREIGN COOPERATIVE AUTHORIZED TO TRANSACT BUSINESS IN THIS STATE SHALL NOT WITHDRAW FROM THIS STATE UNTIL ITS APPLICATION FOR WITHDRAWAL HAS BEEN FILED BY THE SECRETARY OF STATE.

(2) A FOREIGN COOPERATIVE AUTHORIZED TO TRANSACT BUSINESS IN THIS STATE SHALL APPLY FOR WITHDRAWAL BY DELIVERING TO THE SECRETARY OF STATE FOR FILING AN APPLICATION FOR WITHDRAWAL SETTING FORTH:

(a) ITS COOPERATIVE NAME AND ITS ASSUMED COOPERATIVE NAME, IF ANY;

(b) THE ADDRESS OF ITS PRINCIPAL OFFICE OR, IF NONE IS TO BE MAINTAINED, A STATEMENT THAT THE COOPERATIVE WILL NOT MAINTAIN A PRINCIPAL OFFICE, AND, IF DIFFERENT FROM THE ADDRESS OF THE PRINCIPAL OFFICE OR IF NO PRINCIPAL OFFICE IS TO BE MAINTAINED, THE ADDRESS TO WHICH SERVICE OF PROCESS MAY BE

MAILED PURSUANT TO SECTION 7-56-810;

(c) THE NAME OF THE STATE OR COUNTRY UNDER WHOSE LAW IT IS INCORPORATED;

(d) THAT IT IS NOT TRANSACTING BUSINESS IN THIS STATE AND THAT IT SURRENDERS ITS AUTHORITY TO TRANSACT BUSINESS IN THIS STATE;

(e) ALL TRADE OR ASSUMED NAMES USED BY IT PURSUANT TO SECTION 7-71-101, TOGETHER WITH A STATEMENT THAT THE SAME ARE TO BE CANCELLED; AND

(f) SUCH ADDITIONAL INFORMATION AS THE SECRETARY OF STATE DETERMINES IS NECESSARY OR APPROPRIATE TO DETERMINE WHETHER IT IS ENTITLED TO WITHDRAW AND TO DETERMINE AND ASSESS ANY UNPAID TAXES, FEES, AND PENALTIES PAYABLE BY IT AS PRESCRIBED IN ARTICLES 101 TO 117 OF THIS TITLE.

(3) IF A FOREIGN COOPERATIVE DELIVERS TO THE SECRETARY OF STATE AN APPLICATION FOR WITHDRAWAL BEFORE THE DATE ON WHICH A CORPORATE REPORT IS DUE, AND THE APPLICATION FOR WITHDRAWAL IS FILED WITHIN THIRTY DAYS AFTER THE DATE OF ITS DELIVERY TO THE SECRETARY OF STATE, THE FOREIGN COOPERATIVE SHALL BE RELIEVED OF ITS OBLIGATION TO FILE SUCH CORPORATE REPORT OR PAY THE FEE THEREFOR.

7-56-810. Service on withdrawn foreign cooperative. (1) A FOREIGN COOPERATIVE THAT HAS WITHDRAWN FROM THIS STATE PURSUANT TO SECTION 7-56-809 SHALL EITHER:

(a) MAINTAIN A REGISTERED AGENT IN THIS STATE TO ACCEPT SERVICE ON ITS BEHALF IN ANY PROCEEDING BASED ON A CAUSE OF ACTION ARISING DURING THE TIME IT WAS AUTHORIZED TO TRANSACT BUSINESS IN THIS STATE; OR

(b) BE DEEMED TO HAVE AUTHORIZED SERVICE OF PROCESS ON IT IN CONNECTION WITH SUCH CAUSES OF ACTION BY REGISTERED OR CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO THE ADDRESS OF ITS PRINCIPAL OFFICE, IF ANY, AS SET FORTH IN ITS APPLICATION FOR WITHDRAWAL OR AS LAST CHANGED BY NOTICE DELIVERED TO THE SECRETARY OF STATE FOR FILING OR TO THE ADDRESS FOR SERVICE OF PROCESS THAT IS STATED IN ITS APPLICATION FOR WITHDRAWAL OR AS LAST CHANGED BY NOTICE DELIVERED TO THE SECRETARY OF STATE FOR FILING.

(2) SERVICE EFFECTED PURSUANT TO PARAGRAPH (b) OF SUBSECTION (1) OF THIS SECTION IS PERFECTED AT THE EARLIEST OF:

(a) THE DATE THE WITHDRAWN FOREIGN COOPERATIVE RECEIVES THE PROCESS, NOTICE, OR DEMAND;

(b) THE DATE SHOWN ON THE RETURN RECEIPT, IF SIGNED ON BEHALF OF THE WITHDRAWN FOREIGN COOPERATIVE; OR

(c) FIVE DAYS AFTER MAILING.

(3) SUBSECTION (1) OF THIS SECTION DOES NOT PRESCRIBE THE ONLY MEANS, OR NECESSARILY THE REQUIRED MEANS, OF SERVING A WITHDRAWN FOREIGN

COOPERATIVE.

7-56-811. Grounds for revocation. (1) THE SECRETARY OF STATE SHALL COMMENCE A PROCEEDING UNDER SECTION 7-56-812 TO REVOKE THE AUTHORITY OF A FOREIGN COOPERATIVE TO TRANSACT BUSINESS IN THIS STATE IF:

(a) THE FOREIGN COOPERATIVE DOES NOT DELIVER ITS CORPORATE REPORT TO THE SECRETARY OF STATE WHEN IT IS DUE;

(b) THE FOREIGN COOPERATIVE DOES NOT PAY ANY TAXES, FEES, OR PENALTIES IMPOSED BY ARTICLES 101 TO 117 OF THIS TITLE WHEN THEY ARE DUE;

(c) THE FOREIGN COOPERATIVE IS WITHOUT A REGISTERED AGENT OR REGISTERED OFFICE IN THIS STATE;

(d) THE FOREIGN COOPERATIVE DOES NOT INFORM THE SECRETARY OF STATE UNDER SECTION 7-56-408 (2) THAT ITS REGISTERED AGENT OR REGISTERED OFFICE HAS CHANGED, THAT ITS REGISTERED AGENT HAS RESIGNED, OR THAT ITS REGISTERED OFFICE HAS BEEN DISCONTINUED;

(e) AN INCORPORATOR, DIRECTOR, OFFICER, OR AGENT OF THE FOREIGN COOPERATIVE SIGNED A DOCUMENT SUCH PERSON KNEW WAS FALSE IN ANY MATERIAL RESPECT WITH THE INTENT THAT THE DOCUMENT BE DELIVERED TO THE SECRETARY OF STATE FOR FILING; OR

(f) THE SECRETARY OF STATE RECEIVES A DULY AUTHENTICATED CERTIFICATE FROM THE SECRETARY OF STATE OR OTHER OFFICIAL HAVING CUSTODY OF CORPORATE RECORDS IN THE STATE OR COUNTRY UNDER WHOSE LAW THE FOREIGN COOPERATIVE WAS INCORPORATED TO THE EFFECT THAT IT NO LONGER EXISTS AS THE RESULT OF A DISSOLUTION OR MERGER.

7-56-812. Procedure for and effect of revocation. (1) IF THE SECRETARY OF STATE DETERMINES THAT ONE OR MORE GROUNDS EXIST UNDER SECTION 7-56-811 FOR REVOKING THE AUTHORITY OF A FOREIGN COOPERATIVE TO TRANSACT BUSINESS IN THIS STATE, THE SECRETARY OF STATE SHALL MAIL WRITTEN NOTICE OF THE DETERMINATION TO THE FOREIGN COOPERATIVE, STATING SUCH GROUND OR GROUNDS.

(2) IF THE FOREIGN COOPERATIVE DOES NOT CORRECT EACH GROUND FOR REVOCATION, OR DEMONSTRATE TO THE REASONABLE SATISFACTION OF THE SECRETARY OF STATE THAT EACH SUCH GROUND DOES NOT EXIST, WITHIN SIXTY DAYS AFTER MAILING OF THE NOTICE CONTEMPLATED IN SUBSECTION (1) OF THIS SECTION, THE SECRETARY OF STATE MAY REVOKE THE FOREIGN COOPERATIVE'S AUTHORITY TO TRANSACT BUSINESS IN THIS STATE. THE SECRETARY OF STATE SHALL MAIL WRITTEN NOTICE OF THE REVOCATION, STATING THE EFFECTIVE DATE THEREOF, TO THE FOREIGN COOPERATIVE AND SHALL MAIL A COPY OF SUCH NOTICE TO THE LAST REGISTERED AGENT OF THE FOREIGN COOPERATIVE.

(3) REVOCATION OF A FOREIGN COOPERATIVE'S AUTHORITY TO TRANSACT BUSINESS IN THIS STATE TERMINATES THE AUTHORITY OF THE REGISTERED AGENT OF THE COOPERATIVE.

(4) UPON THE REVOCATION OF A FOREIGN COOPERATIVE'S AUTHORITY TO TRANSACT BUSINESS IN THIS STATE, THE SECRETARY OF STATE SHALL BE THE FOREIGN COOPERATIVE'S AGENT FOR SERVICE OF PROCESS IN ANY PROCEEDING BASED ON A CAUSE OF ACTION THAT AROSE DURING THE TIME THE FOREIGN COOPERATIVE TRANSACTED BUSINESS IN THIS STATE OR WAS AUTHORIZED TO TRANSACT BUSINESS IN THIS STATE. SERVICE OF PROCESS ON THE SECRETARY OF STATE UNDER THIS SUBSECTION (4) IS SERVICE ON THE FOREIGN COOPERATIVE. UPON RECEIPT OF PROCESS, THE SECRETARY OF STATE SHALL DELIVER A COPY OF THE PROCESS TO THE FOREIGN COOPERATIVE AT ITS PRINCIPAL OFFICE.

7-56-813. Appeal from revocation. (1) A FOREIGN COOPERATIVE MAY APPEAL THE SECRETARY OF STATE'S REVOCATION OF ITS AUTHORITY TO TRANSACT BUSINESS IN THIS STATE TO THE DISTRICT COURT IN AND FOR THE CITY AND COUNTY OF DENVER OR TO THE DISTRICT COURT OF THE COUNTY WHERE THE COOPERATIVE'S REGISTERED OR PRINCIPAL OFFICE IS LOCATED, WITHIN THIRTY DAYS AFTER MAILING OF THE NOTICE OF REVOCATION BY PETITIONING THE COURT TO SET ASIDE THE REVOCATION AND ATTACHING TO THE PETITION COPIES OF ITS APPLICATION FOR AUTHORITY TO TRANSACT BUSINESS AND ANY AMENDED APPLICATIONS, EACH AS FILED, AND THE SECRETARY OF STATE'S NOTICE OF REVOCATION.

(2) THE COURT MAY SUMMARILY ORDER THE SECRETARY OF STATE TO REINSTATE THE AUTHORITY OF A FOREIGN COOPERATIVE TO TRANSACT BUSINESS IN THIS STATE OR MAY TAKE ANY OTHER ACTION THE COURT CONSIDERS APPROPRIATE.

(3) THE COURT'S ORDER OR DECISION MAY BE APPEALED AS IN OTHER CIVIL PROCEEDINGS.

PART 9 TRANSITION PROVISIONS

7-56-901. Application to existing cooperatives. (1) A DOMESTIC CORPORATION, ASSOCIATION, OR COOPERATIVE FORMED UNDER THIS ARTICLE BEFORE JULY 1, 1996, SHALL BE GOVERNED BY THE PROVISIONS OF THIS ARTICLE.

(2) A COOPERATIVE ORGANIZED UNDER ARTICLE 57 OF THIS TITLE BEFORE JULY 1, 1996, UNTIL IT ELECTS TO BE GOVERNED BY THE PROVISIONS OF THIS ARTICLE PURSUANT TO SECTION 7-56-205, SHALL BE DEEMED TO HAVE BEEN ORGANIZED UNDER, AND SHALL BE GOVERNED BY, THE PROVISIONS OF ARTICLE 55 OF THIS TITLE AS IN EFFECT IMMEDIATELY PRIOR TO JULY 1, 1996.

SECTION 2. Repeal. Article 57 of title 7, Colorado Revised Statutes, 1986 Repl. Vol., is repealed.

SECTION 3. 6-18-201 (1) (a), Colorado Revised Statutes, 1992 Repl. Vol., as amended, is amended to read:

6-18-201. Health care coverage cooperatives - establishment - fees. (1) (a) There is hereby authorized to be created entities to be known as health care coverage cooperatives. Such cooperatives may be created as any lawful entity under articles 20 to 29 or articles 55 to 57 AND 56 of title 7, C.R.S., which THAT is entitled to operate not for profit but for the mutual benefit of the members. Entities created

pursuant to this part 2, in addition to the matters otherwise required, shall be subject to this article.

SECTION 4. The introductory portion to 7-55-101 (1), Colorado Revised Statutes, 1986 Repl. Vol., is amended to read:

7-55-101. Cooperative association defined. (1) The term "cooperative association" includes any cooperative organization, association, company, or corporation organized under ~~articles 55 to 57 of this title~~ THIS ARTICLE, and may be further defined as follows:

SECTION 5. The introductory portion to 7-55-102 (1), Colorado Revised Statutes, 1986 Repl. Vol., is amended to read:

7-55-102. Articles of incorporation - filing. (1) Five persons or more, except as specified elsewhere in ~~articles 55 to 57 of this title~~ THIS ARTICLE, a majority of whom are residents of Colorado, may be associated and incorporated for the cooperative transaction of any lawful business, except banking. Persons desiring to avail themselves of the provisions of ~~articles 55 to 57 of this title~~ THIS ARTICLE shall file with the secretary of state articles of incorporation setting forth:

SECTION 6. The introductory portion to 7-55-103 (1), Colorado Revised Statutes, 1986 Repl. Vol., is amended to read:

7-55-103. Bylaws. (1) Each association formed under this article shall, within thirty days after filing its articles of incorporation with the secretary of state, adopt bylaws for the government and management of its affairs ~~which~~ THAT are not inconsistent with this article. ~~and article 57 of this title.~~ Such bylaws may be amended or modified in such manner as the bylaws may provide. Such bylaws may include:

SECTION 7. 7-55-108, Colorado Revised Statutes, 1986 Repl. Vol., is amended to read:

7-55-108. Application of powers. The powers enumerated in section 7-55-107 shall vest in every cooperative corporation in this state EXCEPT THOSE ORGANIZED UNDER OR SUBJECT TO ARTICLE 56 OF THIS TITLE, although ~~they~~ SUCH POWERS may not be specified in its charter or in its articles of incorporation.

SECTION 8. 7-55-111, Colorado Revised Statutes, 1986 Repl. Vol., is amended to read:

7-55-111. Use of the term "cooperative" - penalty for unlawful use. (1) No person, association, corporation, or organization, except as incorporated under ~~articles 55 to 57 of this title, article 33.5 of title 38, C.R.S.,~~ THIS ARTICLE OR AS DESCRIBED IN THE EXCEPTIONS UNDER SECTION 7-56-207 (1), or a similar law of another state, shall use the word "cooperative" as a part of its business or corporate name or as a trademark, brand, or designation.

(2) ~~Any person violating any of the provisions of this section is guilty of a misdemeanor and, upon conviction thereof, shall be punished by a fine of not less~~

~~than one hundred dollars nor more than one thousand dollars.~~

~~(3) The attorney general is hereby authorized to bring an equitable action in the name of the people of the state of Colorado to enjoin any such person, association, or corporation so using the word "cooperative" as any part of its business name, trademark, or designation in violation of this section. Upon proof that use of the word "cooperative" is used in violation of this section, the court shall enter an order permanently enjoining such use of said word. The provisions of this section shall not apply to any person, association, or corporation in business prior to July 6, 1973, which is using the word "cooperative" as a part of its business name, trademark, or designation. Any abbreviation of the word "cooperative" shall also be subject to the provisions of this section.~~

(4) A COOPERATIVE ASSOCIATION ORGANIZED UNDER THIS ARTICLE OR AS DESCRIBED IN THE EXCEPTIONS UNDER SECTION 7-56-207 (1), OR ONE OR MORE MEMBERS OF SUCH A COOPERATIVE MAY, WITHOUT POSTING A BOND, BRING AN ACTION FOR AN INJUNCTION TO ENFORCE THE PROVISIONS OF THIS SECTION, OR FOR ACTUAL DAMAGES INCURRED AS A RESULT OF THE VIOLATION OF THIS SECTION, OR BOTH. UPON PROOF THAT THE WORD "COOPERATIVE" IS USED IN VIOLATION OF THIS SECTION, THE COURT SHALL ENTER AN ORDER PERMANENTLY ENJOINING SUCH USE OF THE WORD. THE PREVAILING PARTY IN ANY SUCH ACTION SHALL BE AWARDED JUDGMENT AGAINST THE OTHER PARTY FOR ATTORNEY'S FEES AND COSTS INCURRED IN SUCH LITIGATION. THE PROVISIONS OF THIS SECTION SHALL NOT APPLY TO ANY PERSON IN BUSINESS PRIOR TO JULY 1, 1973, THAT IS USING THE WORD "COOPERATIVE" AS PART OF ITS TRADENAME, BUSINESS NAME, TRADEMARK, SERVICE MARK, BRAND, OR DESIGNATION.

SECTION 9. 7-55-112, Colorado Revised Statutes, 1986 Repl. Vol., as amended, is amended to read:

7-55-112. Merger or consolidation. ~~Two or more corporations formed under articles 20 to 57~~ ARTICLES 20 TO 55 or 101 to 117 of this title, or a similar law of any ~~other~~ state, may be merged or consolidated as a cooperative association upon such terms and for such purpose and by such name as may be agreed upon. Such agreement shall also state all the matters necessary to articles of merger or consolidation and must be approved by a two-thirds majority of the members of the boards of directors and a two-thirds majority vote of the members or stockholders of each association or corporation present and voting in person or by mail ballot at any regular or special meeting at which prior notice, with mail ballot attached, had been mailed to each member or stockholder stating the plan of merger or consolidation; except that cooperative associations with less than one hundred members may post notice of such plan of merger or consolidation in a conspicuous place at its normal place of business for at least thirty days prior to such meeting. The articles of merger or consolidation shall be filed with the secretary of state and the county clerk of the county in which each party to the merger or consolidation is situated. A fee, which shall be determined and collected pursuant to section 24-21-104 (3), C.R.S., shall be paid to the secretary of state for filing the articles. From and after the filing of the articles of merger or consolidation, the former associations or corporations comprising the component parts shall cease to exist, and the consolidated or merged cooperative association shall succeed to all rights, duties, and powers prescribed in the agreement of consolidated or merged associations or corporations, not inconsistent

with this article, and shall be subject to all liabilities and obligations of the former component associations or corporations and succeed to all property and interest thereof and may adopt bylaws and do all things permitted by this article.

SECTION 10. 7-55-113, Colorado Revised Statutes, 1986 Repl. Vol., is amended to read:

7-55-113. Adoption of provisions of this article. Every domestic corporation or association, as defined in section 7-55-101 or organized or incorporated under any repealed Colorado statute pertaining to cooperative associations, ~~and every agricultural or livestock association, as defined in article 57 of this title~~ EXCEPT CORPORATIONS OR ASSOCIATIONS ORGANIZED OR INCORPORATED UNDER ARTICLE 56 OF THIS TITLE, shall be conclusively presumed to have accepted and adopted the provisions of this article and shall be governed by the provisions of this article, unless such domestic corporation or association or agricultural or livestock association has filed with the secretary of state a certified copy of a resolution adopted by its board of directors, its members, or its stockholders stating that it has elected not to become subject to the provisions of this article. This section shall not apply to cooperative ~~marketing~~ associations organized and incorporated under article 56 of this title. The fee for filing a certified copy of any such resolution shall be determined and collected pursuant to section 24-21-104 (3), C.R.S.

SECTION 11. 7-55-114, Colorado Revised Statutes, 1986 Repl. Vol., is amended to read:

7-55-114. Dissolution of association. Any association formed under ~~articles 55 to 57 of this title~~ THIS ARTICLE may be dissolved and its affairs terminated voluntarily by a two-thirds majority vote of the members present and voting in person or by mail ballot at a regular or special meeting, if the meeting notice, with a mail ballot attached, stated that dissolution would be discussed; except that cooperative associations with less than one hundred members may post notice of such discussion of such dissolution in a conspicuous place at their normal place of business for at least thirty days prior to such meeting. The board of directors by a two-thirds majority vote of its members shall first adopt a resolution recommending dissolution and submit it to the members, stating the reasons why the termination of the affairs of the association is deemed advisable, the time by which it should be accomplished, and shall also name three persons who are members of the association to act as trustees in liquidation who shall have full power to do all things necessary in liquidation and termination of the affairs of the association. Upon approval of the resolution to dissolve by the members, the board of directors shall file the statement of intent to dissolve with the secretary of state and pay a fee, which shall be determined and collected pursuant to section 24-21-104 (3), C.R.S. A certified copy of the statement of intent to dissolve shall be filed with the county clerk in the county where the principal business is transacted. All power of the directors shall cease and the persons appointed shall proceed to terminate the affairs of the association and realize upon its assets, pay its debts, and divide the remaining money among the members and holders of equity, as set forth in the bylaws or, if not stated, in proportion to their property interests. Upon completion of liquidation and termination of the affairs of the association and distribution of all moneys, the said association shall be deemed dissolved with the filing of articles of dissolution in the office of the secretary of state and the payment of the filing fee, which shall be determined and

collected pursuant to section 24-21-104 (3), C.R.S.

SECTION 12. 7-55-115, Colorado Revised Statutes, 1986 Repl. Vol., as amended, is amended to read:

7-55-115. Exemption from securities laws. Any security, patronage refund, per unit retain certificate, or evidence of membership issued or sold by a cooperative association as an investment in its stock or capital to the members of a cooperative association organized under ~~articles 55 to 57~~ ARTICLE 55 of this title or a similar law of any other state and qualified to do business in this state is exempt from securities laws as contained in article 51 of title 11, C.R.S. Such securities, patronage refunds, per unit retain certificates, or evidence of membership may be sold lawfully by the issuer or its members or salaried employees without the necessity of being registered as a broker or dealer under the "Colorado Securities Act", article 51 of title 11, C.R.S.

SECTION 13. 38-39-209 (1), Colorado Revised Statutes, 1982 Repl. Vol., as amended, is amended to read:

38-39-209. Mortgages to United States. (1) Any mortgage, deed of trust, or other instrument executed by a corporation organized under the provisions of articles 40, 55, ~~and 57~~ AND 56 of title 7, C.R.S., and given to secure any indebtedness to the United States, or any agency or instrumentality thereof, which affects real or personal property, or both, and which is recorded in the real property records in any county in which such property is located or is to be located shall have the same force and effect as if such instrument were also recorded, filed, or indexed as provided by law in the proper office in such county as a mortgage of personal property. All after-acquired real or personal property of such corporation, described or referred to as being mortgaged or pledged in any such instrument, shall become subject to the lien thereof immediately upon the acquisition of such property by such corporation, whether or not such property was in existence at the time of the execution of such instrument.

SECTION 14. Effective date. This act shall take effect July 1, 1996.

SECTION 15. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Approved: April 23, 1996