

**SENATE  
STATE OF MINNESOTA  
NINETY-THIRD SESSION**

**S.F. No. 4053**

(SENATE AUTHORS: DIBBLE, Port and Westrom)

DATE  
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Introduction and first reading  
Referred to Housing and Homelessness Prevention

OFFICIAL STATUS

1.1 A bill for an act  
1.2 relating to cooperatives; providing for the organization and operation of housing  
1.3 cooperatives for seniors, low and moderate income people, limited equity  
1.4 cooperatives and leasing cooperatives for designated members; proposing coding  
1.5 for new law as Minnesota Statutes, chapter 308C.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. **[308C.001] CITATION.**

1.8 This chapter may be cited as the "Minnesota Cooperative Housing Act."

1.9 Sec. 2. **[308C.003] APPLICATION OF OTHER STATUTES.**

1.10 Subdivision 1. **Cooperative ownership.** Cooperatives formed under this chapter and  
1.11 cooperatives that were formed under chapter 308A or 308B or governed by chapter 515B  
1.12 that convert and become exclusively governed by this chapter shall be known as housing  
1.13 cooperatives and such cooperatives are not subject to or governed by the Minnesota Common  
1.14 Interest Ownership Act, sections 515B.1-101 to 515B.4-118.

1.15 Subd. 2. **Homestead exemption.** Membership interests in cooperatives governed by  
1.16 this chapter are granted homestead exemptions to the same extent as any other dwelling or  
1.17 house would be entitled to that exemption.

1.18 Subd. 3. **Securities registration exemption.** Membership interests are exempt from  
1.19 registration to the same extent as the securities offered by any cooperative under chapter  
1.20 308A or 308B are exempt from registration under chapter 80A.

2.1 Sec. 3. **[308C.005] DEFINITIONS.**

2.2 **Subdivision 1. Scope.** The definitions in this section apply to this chapter.

2.3 **Subd. 2. Address.** "Address" means the mailing address, including a zip code. In the  
2.4 case of a registered address, the term means mailing address and the actual office location,  
2.5 which may not be a post office box.

2.6 **Subd. 3. Alternative ballot.** "Alternative ballot" means a method of voting on a candidate  
2.7 or issue prescribed by the board of directors in advance of the vote and may include voting  
2.8 by electronic, telephonic, Internet, or other means that reasonably allow members the  
2.9 opportunity to vote.

2.10 **Subd. 4. Articles.** "Articles of Organization" of a cooperative as originally filed and  
2.11 subsequently amended.

2.12 **Subd. 5. Association.** "Association" means an organization conducting business on a  
2.13 cooperative plan under the laws of this state [or another state] that is chartered to conduct  
2.14 business under other laws of this state.

2.15 **Subd. 6. Board of directors.** "Board of directors" or "board" means the board of directors  
2.16 of a cooperative.

2.17 **Subd. 7. Business entity.** "Business entity" means a company, limited liability company,  
2.18 limited liability partnership, or other legal entity, whether domestic or foreign, association,  
2.19 or body vested with the power or function of a legal entity.

2.20 **Subd. 8. Chapter.** "Chapter" means sections 308C.001 to 308C.975.

2.21 **Subd. 9. Cooperative.** "Cooperative" means a cooperative organized under this chapter  
2.22 providing housing opportunities on a cooperative plan as provided under this chapter.

2.23 **Subd. 10. Common elements.** "Common elements" means all portions of the cooperative  
2.24 other than a dwelling unit or a manufactured home.

2.25 **Subd. 11. Common expenses.** "Common expenses" means expenditures made or  
2.26 liabilities incurred by or on behalf of the cooperative together with any allocations to reserves.

2.27 **Subd. 12. Common expense liability.** "Common expense liability" means the liability  
2.28 for common expenses allocated to each dwelling unit which shall be allocated by a method  
2.29 provided for in the bylaws pursuant to section 308C.241, subdivision 2, paragraph (a), clause  
2.30 7.

3.1 Subd. 13. **Developer.** "Developer" means a real estate developer in the business of  
3.2 building dwelling units that will be owned and operated by a cooperative organized under  
3.3 this chapter.

3.4 Subd. 14. **Domestic business entity.** "Domestic business entity" means a business entity  
3.5 organized under the laws of this state.

3.6 Subd. 15. **Domestic cooperative.** "Domestic cooperative" means a cooperative organized  
3.7 under this chapter, chapter 308A, or chapter 308B.

3.8 Subd. 16. **Dwelling unit.** "Dwelling unit" means a residential housing unit consisting  
3.9 of a group of rooms and hallways which are designated or intended for use as living quarters  
3.10 for an individual, family, or other persons living together.

3.11 Subd. 17. **Filed with the secretary of state.** "Filed with the secretary of state" means a  
3.12 document meeting the applicable requirements of this chapter, signed and accompanied by  
3.13 the required filing fee that has been delivered to the Office of the Secretary of State. The  
3.14 secretary of state shall endorse on the document the word "filed" or a similar word determined  
3.15 by the secretary of state; the month, day, and year of filing; record the document in the  
3.16 Office of the Secretary of State; and return the document to the person or entity who delivered  
3.17 it for filing.

3.18 Subd. 18. **Foreign business entity.** "Foreign business entity" means a business entity  
3.19 that is not a domestic business entity.

3.20 Subd. 19. **Foreign cooperative.** "Foreign cooperative" means a foreign business entity  
3.21 organized to conduct business on a cooperative plan consistent with this chapter, chapter  
3.22 308A, or chapter 308B.

3.23 Subd. 20. **Housing cooperative.** "Housing cooperative" means a housing cooperative  
3.24 governed by this chapter to provide housing on a not-for-profit and cooperative basis in  
3.25 accordance with the organizational purposes contemplated in this chapter.

3.26 Subd. 21. **Housing facility.** "Housing facility" means a multiunit dwelling, a  
3.27 manufactured home park, shared wall units or townhomes, and one or more single-family  
3.28 homes or detached homes or structures intended to be used for residential housing.

3.29 Subd. 22. **Limited equity cooperative.** "Limited equity cooperative" means a cooperative  
3.30 governed by this chapter that limits the appreciation and value of a membership interest to  
3.31 a formula price set forth in the bylaws that is defined as the transfer value herein. A limited  
3.32 equity cooperative also sets limits on the extent to which a member may transfer a

4.1 membership interest and provides for a right of first refusal to purchase the interest in favor  
4.2 of the cooperative.

4.3 Subd. 23. **Low income.** "Low income" means having income that is less than or equal  
4.4 to 80 percent of median income for the area, adjusted for family size, in accordance with  
4.5 federal standards generally accepted at the time of organization and comparable to standards  
4.6 of the United States Department of Housing and Urban Development existing on June 16,  
4.7 1988.

4.8 Subd. 24. **Lot.** "Lot" means an area within a manufactured home park or another parcel  
4.9 of real property, designed or used for the accommodation of a manufactured home or  
4.10 structure intended to be used for residential housing.

4.11 Subd. 25. **Manufactured home.** "Manufactured home" means a structure, not affixed  
4.12 to or part of real estate, transportable in one or more sections that is eight body feet or more  
4.13 in width or 40 body feet or more in length in the traveling mode, or, when erected on site  
4.14 is 320 or more square feet, and is built on a permanent chassis and designed to be used as  
4.15 a dwelling with or without a permanent foundation when connected to the required utilities,  
4.16 and includes the plumbing, heating, air conditioning, and electrical systems contained in  
4.17 the home.

4.18 Subd. 26. **Manufactured home park.** "Manufactured home park" means any site, lot,  
4.19 field, or tract of land upon which two or more occupied manufactured homes are located,  
4.20 either free of charge or for compensation, and includes any building, structure, tent, vehicle,  
4.21 or enclosure used or intended for use as part of the equipment of the manufactured home  
4.22 park.

4.23 Subd. 27. **Member.** "Member" means any person who is approved for membership in  
4.24 the cooperative pursuant to the articles of organization or bylaws and who is identified as  
4.25 a member on the books and records of the cooperative and has been issued a membership  
4.26 certificate. Membership certificates include owner members and nonoccupant members.

4.27 Subd. 28. **Membership certificate.** "Membership certificate" means a certificate  
4.28 evidencing ownership of a membership interest in the cooperative.

4.29 Subd. 29. **Membership interest.** "Membership interest" means a member's interest in  
4.30 a cooperative consisting of a member's financial rights, a member's right to assign financial  
4.31 rights, a member's governance rights, and a member's right to assign governance rights.  
4.32 Membership interest includes occupant membership interests and nonoccupant membership  
4.33 interests.

5.1 Subd. 30. **Member meeting.** "Member meeting" means a regular or special meeting of  
5.2 the members.

5.3 Subd. 31. **Membership purchase and sale agreement.** "Membership purchase and sale  
5.4 agreement" means the contract for purchase of a membership interest to which a particular  
5.5 dwelling unit is appurtenant between the member who is selling the membership interest  
5.6 and an incoming prospective member of the cooperative who has been approved for  
5.7 membership by the cooperative's board of directors.

5.8 Subd. 32. **Minnesota limited liability company.** "Minnesota limited liability company"  
5.9 means a limited liability company governed by chapter 322C.

5.10 Subd. 33. **Moderate income.** "Moderate income" means less than or equal to 100 percent  
5.11 of median income for the area, adjusted for family size, in accordance with federal standards  
5.12 generally accepted at the time of organization and comparable to standards of the United  
5.13 States Department of Housing and Urban Development existing on June 16, 1988.

5.14 Subd. 34. **Nonoccupant membership interest.** "Nonoccupant membership interest"  
5.15 means a membership interest that does not require the holder to be an occupant or resident  
5.16 of the cooperative.

5.17 Subd. 35. **Occupant.** "Occupant" means any person legally entitled to occupy a dwelling  
5.18 unit, whether a member, spouse or partner of a member, or permitted sublessee or guest of  
5.19 a member.

5.20 Subd. 36. **Occupant membership interest.** "Occupant membership interest" means the  
5.21 composite ownership of both a membership certificate issued by the cooperative and a  
5.22 possessory right of occupancy of a dwelling unit or lot pursuant to an occupancy agreement  
5.23 or proprietary lease, including a member's financial rights and a member's governance rights.

5.24 Subd. 37. **Occupancy agreement.** "Occupancy agreement" means the agreement between  
5.25 the member and the cooperative describing the terms and conditions under which the member  
5.26 will occupy the dwelling unit or lot appurtenant to the member's membership interest.

5.27 Subd. 38. **Older persons.** "Older persons" means natural persons who are age 55 and  
5.28 older in accordance with the applicable provisions of the Fair Housing Act, Title VIII of  
5.29 the Civil Rights Act of 1968, as amended; United States Code, title 42, chapter 3607, section  
5.30 807(a)(b)(1)(2), and the rules and regulations of the United States Department of Housing  
5.31 and Urban Development applicable with respect to housing for older persons contained in  
5.32 Code of Federal Regulations, title 24, subtitle B, chapter I, subpart E, section 100.300-308.

6.1 Subd. 39. **Person.** "Person" means a natural person, domestic or foreign business or  
6.2 nonprofit corporation, domestic and foreign limited liability company, limited partnership,  
6.3 joint venture, association, trust, estate, enterprise, or other legal or commercial entity.

6.4 Subd. 40. **Project.** "Project" means the real property and improvements on the real  
6.5 property owned by the cooperative and appurtenant facilities, constituting the cooperative's  
6.6 housing facility or a manufactured home park.

6.7 Subd. 41. **Proprietary lease.** "Proprietary lease" means an agreement with a cooperative  
6.8 governing a member's right to occupancy under which a member has an exclusive possessory  
6.9 interest in a unit or lot.

6.10 Subd. 42. **Resident.** "Resident" means any occupant of space owned by the cooperative  
6.11 or an owner of a manufactured home who rents a lot in a manufactured home park and  
6.12 includes the members of the resident's household.

6.13 Subd. 43. **Security interest.** "Security interest" means the lien on and security interest  
6.14 in a membership and occupancy agreement.

6.15 Subd. 44. **Senior housing cooperative.** "Senior housing cooperative" means a housing  
6.16 cooperative governed by this chapter to provide housing on a not-for-profit and cooperative  
6.17 basis to older persons in accordance with the applicable provisions of the Fair Housing Act,  
6.18 Title VIII of the Civil Rights Act of 1968, as amended; United States Code, title 42, chapter  
6.19 3607, section 807(a)(b)(1)(2), and the rules and regulations of the United States Department  
6.20 of Housing and Urban Development applicable with respect to housing for older persons  
6.21 contained in Code of Federal Regulations, title 24, subtitle B, chapter I, subpart E, section  
6.22 100.300-308.

6.23 Subd. 45. **Signed.** The signature of a person subscribed on a document, with respect to  
6.24 a document required by this chapter to be filed with the secretary of state, means that the  
6.25 document has been signed by a person authorized to do so by this chapter, the articles or  
6.26 bylaws, or by a resolution approved by the directors or the members. A signature on a  
6.27 document may be a facsimile affixed, engraved, printed, placed, stamped with indelible ink,  
6.28 transmitted by facsimile or electronically, or in any other manner reproduced on the  
6.29 document.

6.30 Subd. 46. **Subscription agreement.** "Subscription agreement" means the contract of  
6.31 purchase between a prospective member and the cooperative of a membership interest in  
6.32 the cooperative.

7.1 Subd. 47. **Transfer value.** "Transfer value" means the formula price at which the  
7.2 cooperative may purchase the membership interest of a deceased or departing member in  
7.3 a limited equity cooperative.

7.4 Subd. 48. **Unit.** "Unit" means a portion of the cooperative property leased for exclusive  
7.5 occupancy by a member under a proprietary lease or leased to a tenant by an occupancy  
7.6 agreement.

7.7 **Sec. 4. [308C.007] LEGAL RECOGNITION OF ELECTRONIC RECORDS AND**  
7.8 **SIGNATURES.**

7.9 Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply to this section.

7.10 (b) "Electronic" means relating to technology having electrical, digital, magnetic, wireless,  
7.11 optical, electromagnetic, or similar capabilities.

7.12 (c) "Electronic record" means a record created, generated, sent, communicated, received,  
7.13 or stored by electronic means.

7.14 (d) "Electronic signature" means an electronic sound, symbol, or process attached to or  
7.15 logically associated with a record and executed or adopted by a person with the intent to  
7.16 sign the record.

7.17 (e) "Record" means information that is inscribed on a tangible medium or that is stored  
7.18 in an electronic or other medium and is retrievable in the perceivable form.

7.19 Subd. 2. **Electronic records and signatures.** For purposes of this chapter:

7.20 (1) a record or signature may not be denied legal effect or enforceability solely because  
7.21 it is in electronic form;

7.22 (2) a contract may not be denied legal effect or enforceability solely because an electronic  
7.23 record was used in its formation;

7.24 (3) if a provision requires a record to be in writing, an electronic record satisfies the  
7.25 requirement; and

7.26 (4) if a provision requires a signature, an electronic signature satisfies the requirement.

7.27 **Sec. 5. [308C.009] USE OF TERM COOPERATIVE RESTRICTED.**

7.28 Subdivision 1. **Permissible uses.** Businesses subject to this chapter may use the term  
7.29 "cooperative" or "housing cooperative" as part of its corporate or business name. Nothing

8.1 in this chapter shall preclude a business organized under chapter 308A, 308B, 317A, or  
8.2 515B from using the term "housing cooperative."

8.3 A corporation or association organized in this state may not use the term "housing  
8.4 cooperative" as part of its corporate or business name or title, or to represent itself as a  
8.5 housing cooperative, unless the corporation or association has complied with and is subject  
8.6 to this chapter or has incorporated under the laws of this state authorizing incorporation of  
8.7 business on a cooperative plan.

8.8 Subd. 2. **Penalty for misuse of term housing cooperative.** A corporation or association  
8.9 that violates subdivision 1 is guilty of a misdemeanor.

8.10 Sec. 6. **[308C.101] RESERVATION OF RIGHT.**

8.11 The state reserves the right to amend or repeal the provisions of this chapter by law. A  
8.12 cooperative organized or governed by this chapter is subject to this reserved right.

8.13 Sec. 7. **[308C.111] FILING FEES.**

8.14 Unless otherwise provided, the filing fee for documents filed under this chapter with  
8.15 the secretary of state is \$.....

8.16 Sec. 8. **[308C.115] REGISTERED OFFICE.**

8.17 A cooperative must have a registered office and may have a registered agent. A  
8.18 cooperative may change its registered agent and the agent may resign or change its business  
8.19 address or its name in the manner prescribed by section 5.36.

8.20 Sec. 9. **[308C.121] ANNUAL RENEWAL.**

8.21 Subdivision 1. **Annual renewal.** A cooperative governed by this chapter must file an  
8.22 annual renewal with the secretary of state in each calendar year following the calendar year  
8.23 in which the cooperative was incorporated. The secretary of state may send annually to the  
8.24 cooperative, using the information provided by the cooperative pursuant to section 5.002  
8.25 or 5.34 or the articles of incorporation, a notice announcing the need to file the annual  
8.26 renewal, informing the cooperative that the annual renewal may be filed online and that  
8.27 paper filings may also be made, and informing the cooperative that failing to file the annual  
8.28 renewal will result in an administrative dissolution of the cooperative.



9.1 Subd. 2. **Cooperative renewal form.** In each calendar year in which a renewal is to be  
 9.2 filed, a cooperative must file with the secretary of state an annual renewal by December 31  
 9.3 of that calendar year containing the items required by section 5.34.

9.4 Subd. 3. **Information public.** The information required by subdivision 2 is public data.

9.5 Subd. 4. **Penalty; dissolution.** (a) A cooperative that has failed to file a renewal pursuant  
 9.6 to the requirements of this section by December 31 of the calendar year for which the renewal  
 9.7 is required must be dissolved by the secretary of state as described in paragraph (b).

9.8 (b) If the cooperative has not filed the renewal by December 31 of that calendar year,  
 9.9 the secretary of state must issue a certificate of involuntary dissolution, and the certificate  
 9.10 must be filed with the secretary of state. The secretary of state must make available in an  
 9.11 electronic format the names of the dissolved cooperatives. A cooperative dissolved in this  
 9.12 manner is not entitled to the benefits of section 308C.975.

9.13 Subd. 5. **Reinstatement.** A cooperative may retroactively reinstate its existence by filing  
 9.14 a single annual renewal and paying a \$25 fee. Filing the annual renewal with the secretary  
 9.15 of state:

9.16 (1) returns the cooperative to active status as of the date of the dissolution;

9.17 (2) validates contracts or other acts within the authority of the articles, and the cooperative  
 9.18 is liable for those contracts or acts; and

9.19 (3) restores to the cooperative all assets and rights of the cooperative and its shareholders  
 9.20 or members to the extent that assets or rights were held by the cooperative and its  
 9.21 shareholders or members before the dissolution occurred, except to the extent that assets or  
 9.22 rights were affected by acts occurring after the dissolution or sold or otherwise distributed  
 9.23 after that time.

9.24 Sec. 10. **[308C.201] ORGANIZATIONAL PURPOSE.**

9.25 A cooperative may be formed and organized on a cooperative basis and plan under this  
 9.26 chapter:

9.27 (1) to provide housing on a nonprofit and cooperative basis to older persons in accordance  
 9.28 with the provisions of this chapter, the Fair Housing Act, Title VIII of the Civil Rights Act  
 9.29 of 1968, as amended; United States Code, title 42, chapter 3607, section 807(a)(b)(1)(2),  
 9.30 and the rules and regulations of the United States Department of Housing and Urban  
 9.31 Development applicable with respect to housing for older persons contained in Code of  
 9.32 Federal Regulations, title 24, subtitle B, chapter I, subpart E, sections 100.300-308;

10.1 (2) to provide on a nonprofit and cooperative basis residential housing either through  
10.2 ownership, leasing, or a combination of both and the social, recreational, commercial, and  
10.3 communal facilities necessary to serve and improve the residential housing; or

10.4 (3) to establish a limited equity cooperative that provides on a nonprofit and cooperative  
10.5 basis residential housing to its members that: (i) limits the appreciation and value of a  
10.6 membership interest to a formula price set forth in the bylaws that is defined as the transfer  
10.7 value herein, and (ii) sets limits on the extent to which a member may transfer a membership  
10.8 interest and provides for a right of first refusal to purchase the interest in favor of the  
10.9 cooperative.

10.10 Sec. 11. **[308C.205] ORGANIZERS.**

10.11 A cooperative may be organized by one or more organizers who shall be adult natural  
10.12 persons and who may act for themselves as individuals or as agents of other entities.

10.13 Sec. 12. **[308C.211] COOPERATIVE NAME.**

10.14 Subdivision 1. **Distinguished name.** The name of a cooperative shall distinguish the  
10.15 cooperative upon the records in the Office of the Secretary of State from the name of a  
10.16 domestic business entity or a foreign business entity, authorized or registered to do business  
10.17 in this state, or a name the right to which is, at the time of organization, reserved or provided  
10.18 by law.

10.19 Subd. 2. **Reservation.** The cooperative name shall be reserved for the cooperative during  
10.20 its existence.

10.21 Sec. 13. **[308C.215] ARTICLES OF ORGANIZATION.**

10.22 Subdivision 1. **Requirements.** (a) The articles of the cooperative shall include:

10.23 (1) the name of the cooperative;

10.24 (2) the organizational purpose of the cooperative in accordance with this chapter;

10.25 (3) the name and address of each organizer;

10.26 (4) the period of duration for the cooperative, if the duration is not to be perpetual;

10.27 (5) the name and address of the registered agent, if any; and

10.28 (6) the address of the registered office.

10.29 (b) The articles of the cooperative may include:

11.1 (1) a statement that assessments to members collected annually for common expenses  
11.2 in excess of common expenses shall be refunded annually on the basis of patronage, which  
11.3 may, upon resolution of the board of directors, be credited to the following year's  
11.4 assessments; and

11.5 (2) if the cooperative is to be organized as a limited equity cooperative, the requirements  
11.6 set forth in section 308C.312.

11.7 (c) The articles may contain any other lawful provision.

11.8 (d) The articles shall be signed by the organizer.

11.9 Subd. 2. **Filing.** The original articles shall be filed with the secretary of state. The basic  
11.10 fee for filing the articles with the secretary of state is \$60.

11.11 Subd. 3. **Effect of filing.** When the articles have been filed with the secretary of state  
11.12 and the required fee has been paid to the secretary of state, it shall be presumed that:

11.13 (1) all conditions precedent that are required to be performed by the organizers have  
11.14 been complied with;

11.15 (2) the incorporation of the cooperative has been chartered by the state as a separate  
11.16 legal entity; and

11.17 (3) the secretary of state shall issue a certificate of organization to the cooperative.

11.18 **Sec. 14. [308C.221] AMENDMENT OF ARTICLES.**

11.19 Subdivision 1. **Procedure.** (a) The articles of a cooperative shall be amended as follows:

11.20 (1) the board, by majority vote, shall pass a resolution stating the text of the proposed  
11.21 amendment. The text of the proposed amendment and an attached mail or alternative ballot,  
11.22 if the board has provided for a mail or alternative ballot in the resolution, shall be mailed  
11.23 or otherwise distributed with a regular or special meeting notice to each member. The notice  
11.24 shall designate the time and place of the meeting for the proposed amendment to be  
11.25 considered and voted on; and

11.26 (2) if a quorum of the members is registered as being present or represented by alternative  
11.27 vote at the meeting, the proposed amendment is adopted:

11.28 (i) if approved by a majority of the votes cast; or

11.29 (ii) for a cooperative with articles or bylaws requiring more than majority approval or  
11.30 other conditions for approval, the amendment is approved by a proportion of the votes cast

12.1 or a number of total members as required by the articles or bylaws and the conditions for  
 12.2 approval in the articles or bylaws have been satisfied.

12.3 (b) After an amendment has been adopted by the members, the amendment shall be  
 12.4 signed by the president and secretary and a copy of the amendment filed with the secretary  
 12.5 of state.

12.6 Subd. 2. **Certificate.** (a) A certificate shall be prepared stating:

12.7 (1) the vote and meeting of the board adopting a resolution of the proposed amendment;

12.8 (2) the notice given to members of the meeting at which the amendment was adopted;

12.9 (3) the quorum registered at the meeting; and

12.10 (4) the vote cast adopting the amendment.

12.11 (b) The certificate shall be signed by the president and secretary and filed with the records  
 12.12 of the cooperative.

12.13 Subd. 3. **Amendment by directors.** A majority of directors may amend the articles if  
 12.14 the cooperative does not have any members.

12.15 Subd. 4. **Amendment by the organizer.** The organizer or a majority of the organizers  
 12.16 may amend the articles if the cooperative does not have directors or any members.

12.17 Subd. 5. **Filing.** An amendment of the articles shall be filed with the secretary of state.  
 12.18 The amendment is effective upon filing or the date specified in the resolution adopting the  
 12.19 amendment.

12.20 Sec. 15. **[308C.225] AMENDMENT OF ORGANIZATIONAL DOCUMENTS TO**  
 12.21 **BE GOVERNED BY THIS CHAPTER.**

12.22 Subdivision 1. **Authority.** (a) A housing cooperative organized under chapter 308A,  
 12.23 308B, or 515B may convert and become exclusively subject to this chapter by terminating  
 12.24 the housing cooperative's common interest community declaration, if applicable, by amending  
 12.25 the housing cooperative's organizational documents to conform to the requirements of this  
 12.26 chapter and filing a certificate of conversion that complies with this chapter.

12.27 (b) A housing cooperative subject to a common interest community declaration that  
 12.28 intends to convert to a cooperative subject under this chapter must obtain the affirmative  
 12.29 vote of 80 percent of the members voting at a duly called and held meeting of members.

12.30 (c) A housing cooperative organized under chapter 308A or 308B that intends to convert  
 12.31 to a cooperative subject to this chapter must provide its members with a disclosure statement

13.1 of the rights and obligations of the members and the capital structure of the cooperative  
13.2 before becoming subject to this chapter. A cooperative organized under chapter 308A or  
13.3 308B upon distribution of the disclosure required in this subdivision must obtain the approval  
13.4 of its members as necessary for amending its articles under chapter 308A or 308B.

13.5 Subd. 2. Filings. (a) A housing cooperative organized under chapter 308A, 308B, or  
13.6 515B must file with the secretary of state and the applicable county recorder:

13.7 (1) for a housing cooperative organized under chapter 308A or 308B that is converting  
13.8 to be subject to this chapter:

13.9 (i) a certificate of conversion stating:

13.10 (A) the date on which the entity was first organized;

13.11 (B) the name of the chapter 308A or 308B cooperative and, if the name is changed, the  
13.12 name of the housing cooperative to be governed under this chapter; and

13.13 (C) the future effective date and time, which must be a date and time certain, that it will  
13.14 be governed by this chapter, if the effective date and time is not to be the date and time of  
13.15 filing; and

13.16 (ii) a certificate of amendment amending the housing cooperative's articles to conform  
13.17 with the requirements of this chapter; and

13.18 (2) for a housing cooperative subject to a common interest community declaration that  
13.19 is converting to be subject under this chapter must prepare a recordable certificate containing  
13.20 a statement that the membership terminated the common interest community declaration  
13.21 and the date when the member meeting was held that shall be signed by the president and  
13.22 secretary to be recorded in the county recorder's office in the county where the cooperative's  
13.23 dwelling unit is located.

13.24 (b) The conversion is effective and any common interest community declaration is  
13.25 terminated upon the filing with the secretary of state and upon the recording of the written  
13.26 certificate in the county recorder's office.

13.27 Subd. 3. Effect of being governed by this chapter. The conversion of a housing  
13.28 cooperative organized under chapter 308A, 308B, or 515B to a cooperative governed by  
13.29 this chapter does not affect any obligations or liabilities of the cooperative before the  
13.30 conversion or the personal liability of any person incurred before the conversion. When the  
13.31 conversion is effective, the rights, privileges, and powers of the cooperative; real and personal  
13.32 property of the cooperative; debts due to the cooperative; and causes of action belonging  
13.33 to the cooperative remain vested in the cooperative and are the property of the cooperative

14.1 as converted and governed by this chapter. Title to real property vested by deed or otherwise  
14.2 in the housing cooperative organized under chapter 308A, 308B, or 515B does not revert  
14.3 and is not impaired by reason of the cooperative being converted and governed by this  
14.4 chapter. Rights of creditors and liens upon property of the housing cooperative under chapters  
14.5 308A, 308B, and 515B are preserved unimpaired, and debts, liabilities, and duties of the  
14.6 housing cooperative under chapters 308A, 308B, and 515B remain attached to the housing  
14.7 cooperative as converted and governed by this chapter and may be enforced against the  
14.8 housing cooperative to the same extent as if the debts, liabilities, and duties had originally  
14.9 been incurred or contracted by the cooperative as organized under this chapter. The rights,  
14.10 privileges, powers, and interests in property of the cooperative under chapters 308A, 308B,  
14.11 and 515B, as well as the debts, liabilities, and duties of the cooperative are not deemed, as  
14.12 a consequence of the conversion, to have been transferred for any purpose of the laws of  
14.13 this state.

14.14 Sec. 16. **[308C.235] EXISTENCE.**

14.15 Subdivision 1. **Commencement upon filing.** The existence of a cooperative shall  
14.16 commence when the articles are filed with the secretary of state.

14.17 Subd. 2. **Duration.** A cooperative shall have a perpetual duration unless the cooperative  
14.18 provides for a limited period of duration in the articles.

14.19 Sec. 17. **[308C.241] BYLAWS.**

14.20 Subdivision 1. **Required.** A cooperative shall have bylaws governing the cooperative's  
14.21 business affairs, structure, qualifications, and classification, and the rights and obligations  
14.22 of members that are not otherwise provided in the articles or by this chapter.

14.23 Subd. 2. **Contents.** (a) If not stated in the articles, the bylaws must state:

14.24 (1) the purpose of the cooperative;

14.25 (2) the capital structure of the cooperative to the extent not stated in the articles, including  
14.26 a statement of the classes and relative rights, preferences, and restrictions granted to or  
14.27 imposed upon each class of member interests, and the authority to issue membership interests,  
14.28 which may be designated to be determined by the board;

14.29 (3) a provision designating the voting and governance rights, to the extent not stated in  
14.30 the articles, including which membership interests have voting power and any limitations  
14.31 or restrictions on the voting power, which shall be in accordance with the provisions of this  
14.32 chapter;

15.1 (4) a statement that occupant membership interests with voting power shall be restricted  
15.2 to one vote for each member in the affairs of the cooperative or a statement describing the  
15.3 allocation of voting power allocated as prescribed in this chapter;

15.4 (5) a statement that membership interests held by a member are transferable only with  
15.5 the approval of the board or as provided in the bylaws; and

15.6 (6) if nonoccupant membership interests are authorized, a statement as to how profits  
15.7 and losses will be allocated and cash will be distributed between occupant membership  
15.8 interests collectively and nonoccupant membership interests collectively to the extent not  
15.9 stated in the articles, a statement that net income allocated to a occupant membership interest  
15.10 as determined by the board in excess of dividends and additions to reserves shall be  
15.11 distributed on the basis of patronage, and a statement that the records of the cooperative  
15.12 shall include occupant membership interests and, if authorized, nonoccupant membership  
15.13 interests, which may be further described in the bylaws of any classes and in the reserves.

15.14 (b) The bylaws may contain any provision relating to the management or regulation of  
15.15 the affairs of the cooperative that are not inconsistent with law or the articles, and may  
15.16 include the following:

15.17 (1) the number of directors and the qualifications, manner of election, powers, duties,  
15.18 and compensation, if any, of directors;

15.19 (2) the qualifications of members and any limitations on their number;

15.20 (3) the manner of admission, withdrawal, suspensions, and expulsion of members;

15.21 (4) generally, the governance rights, financial rights, assignability of governance and  
15.22 financial rights, and other rights, privileges, and obligations of members and their  
15.23 membership interests, which may be further described in member agreements;

15.24 (5) if the cooperative intends to operate as a limited equity cooperative, the use and  
15.25 calculation of transfer value, including limits on the extent to which membership interests  
15.26 may appreciate in value, and the extent, if any, of the cooperative's power to exercise a right  
15.27 of first refusal or option to acquire a member's interest and the conditions under which that  
15.28 power is exercised;

15.29 (6) the basis for allocating common expenses, charges, outlays, and other expenditures  
15.30 or payments of the cooperative among dwelling units. Unless limited in the bylaws, the  
15.31 board of directors may use any approach the board believes to be fair and that is a reasonable  
15.32 reflection of use or consumption that may be utilized, provided that the sum of each category

16.1 of interests allocated at any time to all memberships under any of the provisions must equal  
16.2 one if stated as a fraction, or 100 percent if stated as a percentage;

16.3 (7) the circumstances under which the board of directors may execute share loan  
16.4 recognition agreements with lenders that provide members with loans to finance the purchase  
16.5 of memberships in the cooperative, and the limitations of recognition agreements;

16.6 (8) the circumstances under which liens are imposed against membership interests and  
16.7 occupancy rights, how the liens are foreclosed by the cooperative, the process by which the  
16.8 cooperative may remove the members and occupants from the dwelling units, and the  
16.9 circumstances and processes under which the cooperative may terminate the membership  
16.10 and occupancy rights of its members;

16.11 (9) a statement that the cooperative will observe the basic cooperative principles that  
16.12 purchases and sales of memberships and rights under occupancy agreements are not for  
16.13 speculative purposes, that investments in the cooperative by members are for the purpose  
16.14 of securing homes for members' use and benefit, and that the policies established by the  
16.15 cooperative will be designed to discourage and avoid speculation either in the sale and resale  
16.16 of memberships and rights under occupancy agreements by members or by the cooperative;  
16.17 and

16.18 (10) any provisions required by the articles to be in the bylaws.

16.19 (c) Any other provision relating to the management or regulation of the affairs of the  
16.20 cooperative that are not inconsistent with law or the cooperative's articles.

16.21 Subd. 3. **Adoption.** (a) Bylaws may be adopted by the organizer or a nonoccupant  
16.22 member if, at the time of adoption, the cooperative does not have any occupant members.

16.23 (b) The bylaws of a cooperative may be adopted or amended by the members at a regular  
16.24 or special member meeting if:

16.25 (1) the notice of the regular or special meeting contains a statement that the bylaws or  
16.26 restated bylaws will be voted upon and copies are included with the notice, or copies are  
16.27 available upon request from the cooperative, and a summary statement of the proposed  
16.28 bylaws or amendment is included with the notice;

16.29 (2) a quorum is registered as being present or represented by mail or alternative voting  
16.30 method if the mail or alternative voting method is authorized by the board; and

16.31 (3) the bylaws or amendment is approved by a majority vote cast, or for a cooperative  
16.32 with articles or bylaws requiring more than majority approval or other conditions for  
16.33 approval, the bylaws or amendment is approved by a proportion of the vote cast or a number



17.1 of the total members are required by the articles or bylaws and the conditions for approval  
17.2 in the articles or bylaws have been satisfied.

17.3 (c) Until the next annual or special members' meeting, the majority of directors may  
17.4 adopt and amend bylaws for the cooperative that are consistent with subdivisions 4 to 6,  
17.5 which may be further amended or repealed by the members at an annual or special members'  
17.6 meeting.

17.7 Subd. 4. **Amendment of bylaws by board or members.** (a) The board may amend the  
17.8 bylaws at any time to add, change, or delete a provision, unless:

17.9 (1) this chapter, the articles, or the bylaws reserve the power exclusively to the members  
17.10 in whole or in part; or

17.11 (2) a particular bylaw expressly prohibits the board from doing so.

17.12 (b) Any amendment of the bylaws by the board must be distributed to the members no  
17.13 later than ten days after adoption and the notice of the annual meeting of the members must  
17.14 contain a notice and summary or the actual amendments to the bylaws adopted by the board.

17.15 (c) The members may amend the bylaws even though the bylaws may also be amended  
17.16 by the board.

17.17 Subd. 5. **Bylaw changing quorum or voting requirement for members.** (a) The  
17.18 members may amend the bylaws to fix a greater quorum or voting requirement for members,  
17.19 or voting groups of members, than is required under this chapter. An amendment to the  
17.20 bylaws to add, change, or delete a greater quorum or voting requirement for members shall  
17.21 meet the same quorum requirement and be adopted by the same vote and voting groups  
17.22 required to take action under the quorum and voting requirements then in effect or proposed  
17.23 to be adopted, whichever is greater.

17.24 (b) A bylaw that fixes a greater quorum or voting requirement for members under  
17.25 paragraph (a) may not be adopted and shall not be amended by the board.

17.26 Subd. 6. **Bylaw changing quorum or voting requirement for directors.** (a) A bylaw  
17.27 that fixes a greater quorum or voting requirement for the board may be amended: (1) if  
17.28 adopted by the members, only by the members; or (2) if adopted by the board, either by the  
17.29 members or by the board.

17.30 (b) A bylaw adopted or amended by the members that fixes a greater quorum or voting  
17.31 requirement for the board may provide that the bylaw may be amended only by a specified  
17.32 vote of either the members or the board, but if the bylaw is to be amended by a specified  
17.33 vote of the members, the bylaw must be adopted by the same specified vote of the members.

18.1 (c) Action by the board under paragraph (a), clause (2), to adopt or amend a bylaw that  
18.2 changes the quorum or voting requirement for the board shall meet the same quorum  
18.3 requirement and be adopted by the same vote required to take action under the quorum and  
18.4 voting requirement then in effect or proposed to be adopted, whichever is greater.

18.5 Subd. 7. **Emergency bylaws.** (a) Unless otherwise provided in the articles or bylaws,  
18.6 the board may adopt bylaws to be effective only in an emergency as defined in paragraph  
18.7 (d). The emergency bylaws, which are subject to amendment or repeal by the members,  
18.8 may include all provisions necessary for managing the cooperative during the emergency,  
18.9 including:

18.10 (1) procedures for calling a meeting of the board;

18.11 (2) quorum requirements for the meeting; and

18.12 (3) designation of additional or substitute directors.

18.13 (b) All provisions of the regular bylaws consistent with the emergency bylaws shall  
18.14 remain in effect during the emergency. The emergency bylaws shall not be effective after  
18.15 the emergency ends.

18.16 (c) Action taken in good faith in accordance with the emergency bylaws:

18.17 (1) binds the cooperative; and

18.18 (2) may not be the basis for imposition of liability on any director, officer, employee,  
18.19 or agent of the cooperative on the grounds that the action was not authorized cooperative  
18.20 action.

18.21 (d) An emergency exists for the purposes of this section, if a quorum of the directors  
18.22 cannot readily be obtained because of some catastrophic event.

18.23 **Sec. 18. [308C.245] COOPERATIVE RECORDS.**

18.24 (a) A cooperative shall retain as permanent records minutes of all meetings of its members  
18.25 and of all board meetings, a record of all actions taken by the members or the board without  
18.26 a meeting by a written unanimous consent in lieu of a meeting, and a record of all waivers  
18.27 of notices of meetings of the members and of the board.

18.28 (b) A cooperative shall maintain appropriate account records.

18.29 (c) A cooperative shall maintain its records in written form or in another form capable  
18.30 of conversion into written form within a reasonable time.

19.1 (d) A cooperative shall retain a copy of each of the following records at its principal  
19.2 office:

19.3 (1) articles and other governing instruments;

19.4 (2) bylaws or other similar instruments;

19.5 (3) a record of the names and addresses of its members, in a form that allows preparation  
19.6 of an alphabetical list of members with each member's address;

19.7 (4) minutes of member meetings, and records of all actions taken by members without  
19.8 a meeting by unanimous written consent in lieu of a meeting, for the prior three years;

19.9 (5) all written communications within the prior three years to members as a group;

19.10 (6) a list of the names and business addresses of its current board members and officers;

19.11 (7) a copy of its most recent periodic registration delivered to the secretary of state under  
19.12 section 308C.121; and

19.13 (8) all financial statements prepared for periods ending during the last fiscal year.

19.14 (e) Except as otherwise limited by this chapter, the board of a cooperative shall have  
19.15 discretion to determine what records are appropriate for the purposes of the cooperative,  
19.16 the length of time records are to be retained, and policies relating to the confidentiality,  
19.17 disclosure, inspection, and copying of the records of the cooperative.

19.18 Sec. 19. **[308C.301] POWERS.**

19.19 Subdivision 1. **Generally.** In addition to other powers, a cooperative as an agent or  
19.20 otherwise:

19.21 (1) may perform every act necessary or proper to the conduct of the cooperative's business  
19.22 or the accomplishment of the purposes of the cooperative;

19.23 (2) has other rights, powers, or privileges granted by the laws of this state to other  
19.24 cooperatives, except those that are inconsistent with the express provisions of this chapter;  
19.25 and

19.26 (3) has the powers given in section 308C.201 and this section.

19.27 Subd. 2. **Legal capacity.** A cooperative may sue and be sued, complain and defend and  
19.28 participate as a party or otherwise in any legal, administrative, or arbitration proceeding, in  
19.29 its corporate name.

20.1 Subd. 3. **Contracts with members.** A cooperative may enter into or become a party to  
20.2 a contract or agreement for the cooperative or for the cooperative's members or others or  
20.3 between the cooperative and its members.

20.4 Subd. 4. **Holding and transactions of real and personal property.** (a) A cooperative  
20.5 may purchase and hold, lease, mortgage, encumber, sell, exchange, insure, and convey as  
20.6 a legal entity real, personal, and intellectual property, including real estate, buildings,  
20.7 personal property, patents, and copyrights as the business of the cooperative may require,  
20.8 including the sale or other disposition of assets required by the business of the cooperative  
20.9 as determined by the board.

20.10 (b) A cooperative may take, receive, and hold real and personal property, including the  
20.11 principal and interest of money or other funds and rights in a contract, in trust for any purpose  
20.12 not inconsistent with the purposes of the cooperative in its articles or bylaws and may  
20.13 exercise fiduciary powers in relation to taking, receiving, and holding the real and personal  
20.14 property.

20.15 Subd. 5. **Buildings.** A cooperative may erect buildings or other structures or facilities  
20.16 on the cooperative's owned or leased property or on a right-of-way legally acquired by the  
20.17 cooperative.

20.18 Subd. 6. **Debt instruments.** A cooperative may issue bonds, debentures, or other evidence  
20.19 of indebtedness and may borrow money, may secure any of its obligations by mortgage of  
20.20 or creation of a security interest in or other encumbrances or assignment of all or any of its  
20.21 property, franchises, or income, and may issue guarantees for any legal purpose. The  
20.22 cooperative may form special purpose business entities to secure assets of the cooperative.

20.23 Subd. 7. **Advances to occupants.** A cooperative may make advances to its members.

20.24 Subd. 8. **Deposits.** A cooperative may accept donations or deposits of money or real  
20.25 personal property from other cooperatives, associations, organizations, agencies,  
20.26 municipalities, local, state and federal governments.

20.27 Subd. 9. **Lending, borrowing, investing.** A cooperative may loan or borrow money to  
20.28 or from members, other cooperatives, associations, organizations, agencies, municipalities,  
20.29 local, state and federal governments with security that it considers sufficient. A cooperative  
20.30 may invest and reinvest its funds.

20.31 Subd. 10. **Pensions and benefits.** A cooperative may pay pensions, retirement allowances,  
20.32 and compensation for past services to and for the benefit of; and establish, maintain, continue,  
20.33 and carry out, wholly or partially at the expense of the cooperative, employee or incentive

21.1 benefit plans, trust, and provisions to or for the benefit of any or all of its and its related  
 21.2 organizations' officers, managers, directors, governors, employees, and agents; and in the  
 21.3 case of a related organization that is a cooperative, members who provide services to the  
 21.4 cooperative, and any of their families, dependents, and beneficiaries. It may indemnify and  
 21.5 purchase and maintain insurance for and on behalf of a fiduciary of any of these employee  
 21.6 benefit and incentive plans, trusts, and provisions.

21.7 Subd. 11. **Insurance.** A cooperative may provide for its benefit life insurance and other  
 21.8 insurance with respect to the services of any or all of its members, managers, directors,  
 21.9 employees, and agents, or on the life of a member for the purpose of acquiring at the death  
 21.10 of the member any or all membership interests in the cooperative owned by the member.

21.11 Subd. 12. **Ownership interests in other entities.** (a) A cooperative may purchase,  
 21.12 acquire, hold, or dispose of the ownership interests of another business entity or organize  
 21.13 business entities whether organized under the laws of this state or another state or the United  
 21.14 States and assume all rights, interests, privileges, responsibilities, and obligations arising  
 21.15 out of the ownership interest.

21.16 (b) A cooperative may purchase, own, and hold ownership interests, including stock and  
 21.17 other equity interests, memberships, interests in nonstock capital, and evidences of  
 21.18 indebtedness of any domestic business entity or foreign business entity.

21.19 Subd. 13. **Fiduciary powers.** A cooperative may exercise any and all fiduciary powers  
 21.20 in relations with members, other cooperatives, associations, organizations, agencies,  
 21.21 municipalities, local, state and federal governments.

21.22 Sec. 20. **[308C.305] EMERGENCY POWERS.**

21.23 (a) In anticipation of or during an emergency defined in paragraph (d), the board may:

21.24 (1) modify lines of succession to accommodate the incapacity of any director, officer,  
 21.25 employee, or agent; and

21.26 (2) relocate the principal office, designate alternative principal offices or regional offices,  
 21.27 or authorize the officers to do so.

21.28 (b) During an emergency as contemplated in paragraph (d), unless emergency bylaws  
 21.29 provide otherwise:

21.30 (1) notice of a meeting of the board need be given only to those directors to whom it is  
 21.31 practicable to reach and may be given in any practicable manner, including by publication  
 21.32 or radio; and

22.1 (2) one or more officers of the cooperative present at a meeting of the board may be  
 22.2 deemed to be directors for the meeting, in order of rank and within the same rank in order  
 22.3 of seniority, as necessary to achieve a quorum.

22.4 (c) Cooperative action taken in good faith during an emergency under this section to  
 22.5 further the ordinary business affairs of the cooperative:

22.6 (1) binds the cooperative; and

22.7 (2) may not be the basis for the imposition of liability on any director, officer, employee,  
 22.8 or agent of the cooperative on the grounds that the action was not an authorized cooperative  
 22.9 action.

22.10 (d) An emergency exists for purposes of this section if a quorum of the directors cannot  
 22.11 readily be obtained because of a catastrophic event.

22.12 **Sec. 21. [308C.311] OCCUPANCY AGREEMENTS AND PROPRIETARY LEASES.**

22.13 Subdivision 1. Authority. A cooperative and its occupant members may make and  
 22.14 execute an occupancy agreement, proprietary lease, or other agreements that specify the  
 22.15 terms of the occupant members' lease or occupancy of a unit or dwelling unit.

22.16 Subd. 2. Title to unit or dwelling unit. Title to cooperative property consisting of a  
 22.17 dwelling unit or units shall at all times remain the property of the cooperative. Title to any  
 22.18 manufactured home owned by a member placed in a manufactured home park owned by a  
 22.19 cooperative pursuant to a proprietary lease remains in the name of the member.

22.20 Subd. 3. Damages for breach of contract. The bylaws, an occupancy agreement, or  
 22.21 proprietary lease may include the requirement of the member to pay damages to the  
 22.22 cooperative for breach of any provision of an occupancy agreement, proprietary lease, or  
 22.23 other agreement. The remedies for breach of contract are valid and enforceable in the courts  
 22.24 of this state.

22.25 **Sec. 22. [308C.312] LIMITED EQUITY COOPERATIVES.**

22.26 A cooperative formed under this chapter may organize as a limited equity cooperative  
 22.27 in order to fulfill the public purpose of providing and preserving housing for persons and  
 22.28 households of low and moderate income at the time that they purchase their memberships.  
 22.29 In addition to safeguarding the foregoing public purpose, a limited equity cooperative shall  
 22.30 meet the following requirements:

23.1 (1) the articles shall require that cooperative interests be sold at no more than a transfer  
23.2 value determined by a limited equity formula contained in the articles. That value shall be  
23.3 consistent with the object of maintaining long-term affordability of membership interests  
23.4 for persons or households of low and moderate income;

23.5 (2) a limited equity formula, once established by a cooperative in its articles, may be  
23.6 amended only if that amendment does not make the cooperative membership unaffordable  
23.7 for low or moderate income households for which the cooperative was originally  
23.8 incorporated. A limited equity cooperative once organized under this chapter may not  
23.9 reorganize as other than a limited equity cooperative without first dissolving;

23.10 (3) a limited equity cooperative shall not sell all or substantially all of its assets if such  
23.11 sale is intended to circumvent the public purposes of this section;

23.12 (4) the articles shall require that the cooperative shall have the first right to repurchase  
23.13 a member's cooperative interest;

23.14 (5) the articles shall require that the total distribution out of capital to a member shall  
23.15 not exceed the transfer value; and

23.16 (6) the articles shall require that upon dissolution of the cooperative, any assets remaining  
23.17 after retirement of corporate debts and distribution to members shall be distributed to a  
23.18 charitable organization described in section 501(c)(3) of the Internal Revenue Code of 1986,  
23.19 as amended, a public agency, or another limited equity cooperative whose formula for  
23.20 determining transfer value shall be no less restrictive than that of the cooperative being  
23.21 dissolved.

23.22 **Sec. 23. [308C.401] BOARD GOVERNS COOPERATIVE.**

23.23 A cooperative shall be governed by its board, which shall take all action for and on  
23.24 behalf of the cooperative, except those actions reserved or granted to members. Board action  
23.25 shall be by the affirmative vote of a majority of the directors voting at a duly called meeting  
23.26 unless a greater majority is required by the articles or bylaws. A director individually or  
23.27 collectively with other directors does not have authority to act for or on behalf of the  
23.28 cooperative unless authorized by the board. A director may advocate interests of members  
23.29 or member groups to the board, but the duty of each director is to represent the best interests  
23.30 of the cooperative and all members collectively.

24.1 **Sec. 24. [308C.405] NUMBER OF DIRECTORS.**

24.2 A board of directors must consist of three or more individuals, with the number specified  
24.3 in or fixed in accordance with the articles or bylaws. The power to elect or appoint directors  
24.4 is vested in the members. If the number of directors is fewer than three, or such greater  
24.5 minimum number set forth in the articles or bylaws, a majority of the directors in office  
24.6 may appoint or elect the number of additional directors necessary to increase the board to  
24.7 three directors or such greater minimum set forth in the articles or bylaws.

24.8 **Sec. 25. [308C.411] ELECTION OF DIRECTORS.**

24.9 Subdivision 1. **First board.** Unless appointed by a developer, the organizer or organizers  
24.10 shall elect and obtain the acknowledgment of the first board to serve until directors are  
24.11 elected by members. Until election by members, the first board shall appoint directors to  
24.12 fill any vacancies. The first board may be named in the articles.

24.13 Subd. 2. **Generally.** (a) Directors shall be elected for the term, at the time, and in the  
24.14 manner provided in this section and the bylaws.

24.15 (b) Except for the first board, all of the directors shall be members and shall be elected  
24.16 exclusively by the members holding occupant membership interests unless otherwise  
24.17 provided in the articles or bylaws.

24.18 (c) The voting authority of the directors may be allocated according to equity  
24.19 classifications of the cooperative provided that at least two-thirds (2/3) of the voting power  
24.20 on general matters of the cooperative shall be allocated to the directors who are members  
24.21 holding occupant membership interests.

24.22 (d) A director holds office for the term the director was elected and until a successor is  
24.23 elected and has qualified, or until the earlier death, resignation, removal, or disqualification  
24.24 of the director.

24.25 (e) The expiration of a director's term with or without election of a qualified successor  
24.26 does not make the prior or subsequent acts of the director or the board void or voidable.

24.27 (f) Subject to any limitation in the articles or bylaws, directors shall not be compensated,  
24.28 but may be reimbursed reasonable and necessary expenses incurred when they are acting  
24.29 on behalf of the board of directors.

24.30 (g) Directors may be divided into or designated and elected by class or other distinction  
24.31 as provided in the articles or bylaws.



25.1 (h) A director may resign by giving written notice to the chair of the board or the board.  
25.2 The resignation is effective without acceptance when the notice is given to the chair of the  
25.3 board or the board unless a later effective time is specified in the notice.

25.4 Subd. 3. **Election at regular meeting.** Directors shall be elected at the regular member  
25.5 meeting for the terms of office prescribed in the bylaws. Except for directors elected at  
25.6 special meetings to replace a vacancy, all directors shall be elected at the regular member  
25.7 meeting.

25.8 Subd. 4. **Vote by mail or alternative ballot.** The following shall apply to voting by  
25.9 mail or alternative ballot voting:

25.10 (1) a member may not vote for a director other than by being present at a meeting or by  
25.11 mail ballot or alternative ballot authorized by the board;

25.12 (2) the ballot shall be in a form prescribed by the board;

25.13 (3) the member shall mark the ballot for the candidate chosen and mail the ballot to the  
25.14 cooperative in a sealed plain envelope inside another envelope bearing the member's name,  
25.15 or shall vote designating the candidate chosen by alternative ballot in the manner prescribed  
25.16 by the board; and

25.17 (4) if the ballot of the member is received by the cooperative on or before the date of  
25.18 the regular member meeting or as otherwise prescribed for alternative ballots, the ballot  
25.19 shall be accepted and counted as the vote of the absent member.

25.20 Subd. 5. **Business entity members may nominate persons for director.** If a member  
25.21 of a cooperative is not a natural person, and the bylaws do not provide otherwise, the member  
25.22 may appoint or elect one or more natural persons to be eligible for election as a director.

25.23 Subd. 6. **Acts not void or voidable.** The expiration of a director's term with or without  
25.24 the election of a qualified successor does not make prior or subsequent acts of the director  
25.25 void or voidable.

25.26 Sec. 26. **[308C.415] FILLING VACANCIES.**

25.27 Subdivision 1. **Occupant directors.** If an occupant member director's position becomes  
25.28 vacant or a new director position is created for a director that was or is to be elected by  
25.29 occupant members, the board, in consultation with the directors elected by occupant members,  
25.30 shall appoint an occupant member of the cooperative to fill the director's position until the  
25.31 next regular or special members' meeting. If there are no directors elected by occupant

26.1 members on the board at the time of the vacancy, a special members' meeting shall be called  
26.2 to fill the occupant member director vacancy.

26.3 Subd. 2. **Nonoccupant directors.** If the vacating director was not elected by the occupant  
26.4 members or a new director position is created, unless otherwise provided in the articles or  
26.5 bylaws, the board shall appoint a director to fill the vacant position by majority vote of the  
26.6 remaining or then serving directors even though less than a quorum. At the next regular or  
26.7 special members' meeting, the members shall elect a director to fill the unexpired term of  
26.8 the vacant director's position.

26.9 Sec. 27. **[308C.421] REMOVAL OF DIRECTORS.**

26.10 Subdivision 1. **Modification.** The provisions of this section apply unless modified by  
26.11 the articles or the bylaws.

26.12 Subd. 2. **Removal by directors.** A director may be removed at any time, with or without  
26.13 cause, if:

26.14 (1) the director was named by the board to fill a vacancy;

26.15 (2) the members have not elected directors in the interval between the time of the  
26.16 appointment to fill a vacancy and the time of the removal; and

26.17 (3) a majority of the remaining directors present affirmatively vote to remove the director.

26.18 Subd. 3. **Removal by members.** Any one or all of the directors may be removed at any  
26.19 time, with or without cause, by the affirmative vote of the holders of a majority of the entire  
26.20 membership of record at any duly called annual meeting, or at any special meeting called  
26.21 for the purpose of removing or electing directors; provided that if a director has been elected  
26.22 solely by the occupant members or the holders of a class or series of membership interests  
26.23 as stated in the articles or bylaws, then that director may be removed only by the affirmative  
26.24 vote of the holders of a majority of the voting power of the occupant members for a director  
26.25 elected by the occupant members or of all membership interests of that class or series entitled  
26.26 to vote at an election of that director.

26.27 Subd. 4. **Election of replacements.** New directors may be elected at a meeting at which  
26.28 directors are removed.

26.29 Sec. 28. **[308C.425] BOARD OF DIRECTORS' MEETINGS.**

26.30 Subdivision 1. **Time and place.** Meetings of the board may be held from time to time  
26.31 as provided in the articles or bylaws. If the meeting is an open meeting as provided for in

27.1 this chapter, it must be held on the cooperative's premises or at such other location that the  
27.2 cooperative's members can reasonably attend. If the meeting is a closed meeting as authorized  
27.3 by this chapter, the meeting may be held at any location designated by the board.

27.4 Subd. 2. **Open meetings.** The cooperative may authorize in its bylaws that meetings of  
27.5 the board be open to all members and may prescribe the bylaws when meetings of the board  
27.6 may be attended only by directors. Unless authorized in the cooperative's bylaws, there is  
27.7 no requirement that the cooperative's board meetings be open to all members. The failure  
27.8 to give notice as required by this section shall not invalidate the board meeting or any action  
27.9 taken at the meeting. If the cooperative authorizes open meetings in its bylaws, open meetings  
27.10 shall be subject to the following requirements:

27.11 (1) to the extent practicable, the board shall give reasonable notice to the members of  
27.12 the date, time, and place of each open board meeting. If the date, time, and place of meetings  
27.13 are provided for in the bylaws, announced at a previous meeting of the board, posted in a  
27.14 location accessible to the members and designated by the board from time to time, or if an  
27.15 emergency requires immediate consideration of a matter by the board, notice is not required;

27.16 (2) meetings may be closed to discuss the following:

27.17 (i) personnel matters;

27.18 (ii) pending or potential litigation, arbitration, or other potentially adversarial proceedings  
27.19 between members or between the board or cooperative and members, or other matters in  
27.20 which any member may have an adversarial interest if the board determines that closing  
27.21 the meeting is necessary to discuss strategy or to otherwise protect the position of the board  
27.22 or cooperative or the privacy of a member;

27.23 (iii) criminal activity arising within the cooperative if the board determines that closing  
27.24 the meeting is necessary to protect the privacy of the victim or that opening the meeting  
27.25 would jeopardize investigation of the activity;

27.26 (iv) meetings with legal counsel for counsel and advice on any matter of concern to the  
27.27 board; and

27.28 (v) review of financial and other lawful information required by the board of directors  
27.29 of all applicants for membership in the cooperative; and

27.30 (3) the minutes of any part of a meeting that is closed under this section may be kept  
27.31 confidential at the discretion of the board.

27.32 Subd. 3. **Electronic communications.** (a) A conference among directors by any means  
27.33 of communication through which the directors may simultaneously hear each other during

28.1 the conference constitutes a board meeting if the same notice is given of the conference as  
28.2 would be required by subdivision 3 for a meeting and if the number of directors participating  
28.3 in the conference would be sufficient to constitute a quorum at a meeting. Participation in  
28.4 a meeting by that means constitutes presence in person at the meeting.

28.5 (b) A director may participate in an in-person board meeting by any means of  
28.6 communication through which the director, other directors so participating, and all directors  
28.7 physically present at the meeting may simultaneously hear each other during the meeting.  
28.8 Participation in a meeting by that means constitutes presence in person at the meeting.

28.9 Subd. 4. **Calling meetings and notice.** Unless the articles or bylaws provide for a  
28.10 different time period, a director may call a board meeting by giving at least ten days' notice  
28.11 or, in the case of organizational meetings, at least three days' notice to all directors of the  
28.12 date, time, and place of the meeting. The notice need not state the purpose of the meeting  
28.13 unless this chapter, the articles, or the bylaws require it.

28.14 Subd. 5. **Previously scheduled meetings.** If the day or date, time, and place of a board  
28.15 meeting have been provided in the articles or bylaws, or announced at a previous meeting  
28.16 of the board, no notice is required. Notice of an adjourned meeting need not be given other  
28.17 than by announcement at the meeting at which adjournment is taken.

28.18 Subd. 6. **Waiver of notice.** A director may waive notice of a meeting of the board. A  
28.19 waiver of notice by a director entitled to notice is effective whether given before, at, or after  
28.20 the meeting, and whether given in writing, orally, or by attendance. Attendance by a director  
28.21 at a meeting is a waiver of notice of that meeting, except where the director objects at the  
28.22 beginning of the meeting to the transaction of business because the meeting is not lawfully  
28.23 called or convened and the director does not participate in the meeting after the objection.

28.24 Subd. 7. **Absent directors.** If the articles or bylaws so provide, a director may give  
28.25 advance written consent or opposition to a proposal to be acted on at a board meeting. If  
28.26 the director is not present at the meeting, consent, or opposition to a proposal does not  
28.27 constitute presence for purposes of determining the existence of a quorum, but consent or  
28.28 opposition must be counted as the vote of a director present at the meeting in favor of or  
28.29 against the proposal and must be entered in the minutes or other record of action at the  
28.30 meeting, if the proposal acted on at the meeting is substantially the same or has substantially  
28.31 the same effect as the proposal to which the director has consented or objected.

29.1       Sec. 29. **[308C.431] QUORUM.**

29.2           A majority, or a larger portion or number provided in the articles or bylaws, of the  
29.3 directors currently holding office is a quorum for the transaction of business. In the absence  
29.4 of a quorum, a majority of the directors present may adjourn a meeting from time to time  
29.5 until a quorum is present. If a quorum is present when a duly called or held meeting is  
29.6 convened, the directors present may continue to transact business until adjournment, even  
29.7 though the withdrawal of a number of directors originally present leaves less than the  
29.8 proportion of number otherwise required for a quorum.

29.9       Sec. 30. **[308C.435] ACT OF BOARD OF DIRECTORS.**

29.10          The board shall take action by the affirmative vote of a majority of directors present at  
29.11 a duly held meeting at the time the action is taken, except where this chapter, the articles,  
29.12 or bylaws require the affirmative vote of a larger proportion or number. If the articles or  
29.13 bylaws require a larger proportion or number than is required by this chapter for a particular  
29.14 action, the articles or bylaws control.

29.15       Sec. 31. **[308C.441] ACTION WITHOUT A MEETING.**

29.16          Subdivision 1. **Method.** An action required or permitted to be taken at a board meeting  
29.17 may be taken by written action signed by all of the directors. If the articles or bylaws so  
29.18 provide, any action, other than an action requiring member approval, may be taken by  
29.19 written action signed by the number of directors that would be required to take the same  
29.20 action at a meeting of the board at which all directors were present.

29.21          Subd. 2. **Effective time.** The written action is effective when signed by the required  
29.22 number of directors, unless a different effective time is provided in the written action.

29.23          Subd. 3. **Notice and liability.** When written action is permitted to be taken by less than  
29.24 all directors, all directors must be notified immediately of its text and effective date. Failure  
29.25 to provide the notice does not invalidate the written action. A director who does not sign  
29.26 or consent to the written action has no liability for the action or actions taken by the written  
29.27 action.

29.28       Sec. 32. **[308C.451] COMMITTEES.**

29.29          Subdivision 1. **Generally.** If the bylaws so provide, the board may establish committees.  
29.30 A resolution approved by the affirmative vote of a majority of the board may establish  
29.31 committees having the authority of the board in the management of the business of the  
29.32 cooperative only to the extent provided in the resolution. Committees may include a special

30.1 litigation committee consisting of one or more independent directors or other independent  
30.2 persons to consider legal rights or remedies of the cooperative and whether those rights and  
30.3 remedies should be pursued. Committees other than special litigation committees are subject  
30.4 at all times to the direction and control of the board.

30.5 Subd. 2. **Membership.** Committee members must be natural persons. Unless the articles  
30.6 or bylaws provide for a different membership or manner of appointment, a committee  
30.7 consists of one or more persons, who need not be directors or members, appointed by  
30.8 affirmative vote of a majority of the directors present.

30.9 Subd. 3. **Procedure.** The procedures for meetings of the board apply to committees and  
30.10 members of committees to the same extent as those sections apply to the board and individual  
30.11 directors.

30.12 Subd. 4. **Minutes.** Minutes, if any, of committee meetings must be made available upon  
30.13 request to members of the committee and to any director.

30.14 Subd. 5. **Standard of conduct.** The establishment of, delegation of authority to, and  
30.15 action by a committee does not alone constitute compliance by a director with the standard  
30.16 of conduct set forth in section 308C.455.

30.17 Subd. 6. **Committee members considered directors.** Committee members are considered  
30.18 to be directors for purposes of sections 308C.455, 308C.461, and 308C.471.

30.19 **Sec. 33. [308C.455] STANDARD OF CONDUCT.**

30.20 Subdivision 1. **Standard and liability.** A director shall discharge the duties of the  
30.21 position of director in good faith, in a manner the director reasonably believes to be in the  
30.22 best interests of the cooperative, and with the care an ordinarily prudent person in a like  
30.23 position would exercise under similar circumstances. A person who so performs those duties  
30.24 is not liable by reason of being or having been a director of the cooperative.

30.25 Subd. 2. **Reliance.** (a) A director is entitled to rely on information, opinions, reports, or  
30.26 statements, including financial statements and other financial data, in each case prepared  
30.27 or presented by:

30.28 (1) one or more officers or employees of the cooperative who the director reasonably  
30.29 believes to be liable and competent in the matters presented;

30.30 (2) counsel, public accountants, the general manager or management company, or other  
30.31 persons as to matters that the director reasonably believes are within the person's professional  
30.32 or expert competence; or

31.1 (3) a committee of the board upon which the director does not serve, duly established  
 31.2 by the board, as to matters within its designated authority, if the director reasonably believes  
 31.3 the committee to merit confidence.

31.4 (b) Paragraph (a) does not apply to a director who has knowledge concerning the matter  
 31.5 in question that makes the reliance otherwise permitted by paragraph (a) unwarranted.

31.6 Subd. 3. **Presumption of assent and dissent.** A director who is present at a meeting of  
 31.7 the board when an action is approved by the affirmative vote of a majority of the directors  
 31.8 present is presumed to have assented to the action approved, unless the director:

31.9 (1) objects at the beginning of the meeting to the transaction of business because the  
 31.10 meeting is not lawfully called or convened and does not participate in the meeting after the  
 31.11 objection, in which case the director is not considered to be present at the meeting for any  
 31.12 purpose of this chapter;

31.13 (2) votes against the action at the meeting; or

31.14 (3) is prohibited by a conflict of interest from voting on the action.

31.15 Subd. 4. **Considerations.** In discharging the duties of the position of director, a director  
 31.16 may, in considering the best interests of the cooperative, consider the interests of the  
 31.17 cooperative's employees, vendors, agents, suppliers, and creditors, the economy of the state,  
 31.18 and long-term as well as short-term interests of the cooperative and its members, including  
 31.19 the possibility that these interests may be best served by the continued independence of the  
 31.20 cooperative.

31.21 Sec. 34. **[308C.461] DIRECTOR CONFLICTS OF INTEREST.**

31.22 Subdivision 1. **Conflict and procedure when conflict arises.** (a) A contract or other  
 31.23 transaction between a cooperative and one or more of its directors, or between a cooperative  
 31.24 and a business entity in or of which one or more of its directors are governors, directors,  
 31.25 managers, officers, or legal representatives or have a material financial interest, is not void  
 31.26 or voidable because the director or directors or the other business entities are parties or  
 31.27 because the director or directors are present at the meeting of the members or the board or  
 31.28 a committee at which the contract or transaction is authorized, approved, or ratified, if:

31.29 (1) the contract or transaction was, and the person asserting the validity of the contract  
 31.30 or transaction sustains the burden of establishing that the contract or transaction was, fair  
 31.31 and reasonable as to the cooperative at the time it was authorized, approved, or ratified,  
 31.32 and:

32.1 (i) the material facts as to the contract or transaction and as to the director's or directors'  
 32.2 interest are disclosed or known to the members; and

32.3 (ii) the material facts as to the contract or transaction and as to the director's or directors'  
 32.4 interest are fully disclosed or known to the board or a committee, and the board or committee  
 32.5 authorizes, approves, or ratifies the contract or transaction in good faith by a majority of  
 32.6 the board or committee, but the interested director or directors are not counted in determining  
 32.7 the presence of a quorum and must not vote; or

32.8 (2) the contract or transaction is a distribution, contract, or transaction that is made  
 32.9 available to all members as part of the cooperative's business.

32.10 (b) If a committee is elected or appointed to authorize, ratify, or approve a contract or  
 32.11 transaction under this section, the members of the committee must not have a conflict of  
 32.12 interest and be charged with representing the best interests of the cooperative.

32.13 Subd. 2. **Material financial interest.** For purposes of this section: a director has a  
 32.14 material financial interest in each organization in which the director or the spouse; parents;  
 32.15 children and spouses of children; brothers and sisters and spouses of brothers and sisters;  
 32.16 and the brothers and sisters of the spouse of the director or any combination of them have  
 32.17 a material financial interest. For purposes of this section, a contract or other transaction  
 32.18 between a cooperative and the spouse; parents; children and spouses of children; brothers  
 32.19 and sisters and spouses of brothers and sisters; and the brothers and sisters of the spouse of  
 32.20 a director or any combination of them, is considered to be a transaction between the  
 32.21 cooperative and the director.

32.22 Sec. 35. **[308C.465] LIMITATION OF DIRECTOR'S LIABILITY.**

32.23 Subdivision 1. **Articles may limit liability.** A director's personal liability to the  
 32.24 cooperative or members for monetary damages for breach of the standards of conduct may  
 32.25 be eliminated or limited in the articles or bylaws except as provided in subdivision 2.

32.26 Subd. 2. **Restrictions on liability limitation.** The articles or bylaws may not eliminate  
 32.27 or limit the liability of a director:

32.28 (1) for a breach of the director's obligation to act in good faith in a manner the director  
 32.29 reasonably believes to be in the best interests of the cooperative, and with the care an  
 32.30 ordinarily prudent person in a like position would exercise under similar circumstances;

32.31 (2) for acts or omissions that are not in good faith or involve intentional misconduct or  
 32.32 a knowing violation of law;



- 33.1 (3) for knowing violations of laws or for illegal distributions;  
 33.2 (4) for a transaction from which the director derived an improper personal benefit; or  
 33.3 (5) for an act or omission occurring before the date when the provision in the articles or  
 33.4 bylaws eliminating or limiting liability becomes effective.

33.5 **Sec. 36. [308C.471] INDEMNIFICATION.**

33.6 Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply to this section.

33.7 (b) "Cooperative" includes a domestic or foreign cooperative that was the predecessor  
 33.8 of the cooperative referred to in this section in a conversion, merger, or other transaction  
 33.9 in which the predecessor's existence ceased upon consummation of the transaction.

33.10 (c) "Official capacity" means:

33.11 (1) with respect to a director, the position of director in a cooperative;

33.12 (2) with respect to a person other than a director, the elective or appointive office or  
 33.13 position held by the person, member of a committee of the board, the employment  
 33.14 relationship undertaken by an employee of the cooperative, or the scope of the services  
 33.15 provided by members of the cooperative who provide services to the cooperative; and

33.16 (3) with respect to a director, general manager, member, or employee of the cooperative  
 33.17 who, while a member, director, general manager, or employee of the cooperative, is or was  
 33.18 serving at the request of the cooperative or whose duties in that position involve or involved  
 33.19 service as a governor, director, manager, officer, member, partner, trustee, employee, or  
 33.20 agent of another organization or employee benefit plan, the position of that person as a  
 33.21 governor, director, manager, officer, member, partner, trustee, employee, or agent, as the  
 33.22 case may be, of the other organization or employee benefit plan.

33.23 (d) "Proceeding" means a threatened, pending, or completed civil, criminal,  
 33.24 administrative, arbitration, or investigative proceeding, including a proceeding by or in the  
 33.25 right of the cooperative.

33.26 (e) "Special legal counsel" means counsel who has not represented the cooperative or a  
 33.27 related organization, or a director, manager, member of a committee of the board, or  
 33.28 employee whose indemnification is in issue.

33.29 Subd. 2. **Indemnification.** (a) Subject to the provisions of subdivision 4, a cooperative  
 33.30 shall indemnify a person made or threatened to be made a party to a proceeding by reason  
 33.31 of the former or present official capacity of the person against judgments, penalties, fines,  
 33.32 including, without limitation, excise taxes assessed against the person with respect to an

34.1 employee benefit plan, settlements, and reasonable expenses, including attorney fees and  
34.2 disbursements incurred by the person in connection with the proceeding, if, with respect to  
34.3 the acts or omissions of the person complained of in the proceeding, the person:

34.4 (1) has not been indemnified by another organization or employee benefit plan for the  
34.5 same judgments, penalties, fines, including, without limitation, excise taxes assessed against  
34.6 the person with respect to an employee benefit plan, settlements, and reasonable expenses,  
34.7 including attorney fees and disbursements incurred by the person in connection with the  
34.8 proceeding with respect to the same acts or omissions;

34.9 (2) acted in good faith;

34.10 (3) received no improper personal benefit and the person has not committed an act for  
34.11 which liability cannot be eliminated or limited under section 308C.465, subdivision 2;

34.12 (4) in the case of a criminal proceeding, had no reasonable cause to believe the conduct  
34.13 was unlawful; and

34.14 (5) in the case of acts or omissions occurring in the official capacity described in  
34.15 subdivision 1, paragraph (c), clause (1) or (2), reasonably believed that the conduct was in  
34.16 the best interests of the cooperative, or in the case of acts or omissions occurring in the  
34.17 official capacity described in subdivision 1, paragraph (c), clause (3), reasonably believed  
34.18 that the conduct was not opposed to the best interests of the cooperative. If the person's acts  
34.19 or omissions complained of in the proceeding relate to conduct as a director, officer, trustee,  
34.20 employee, or agent of an employee benefit plan, the conduct is not considered to be opposed  
34.21 to the best interests of the cooperative if the person reasonably believed that the conduct  
34.22 was in the best interests of the participants or beneficiaries of the employee benefit plan.

34.23 (b) The termination of a proceeding by judgment, order, settlement, conviction, or upon  
34.24 a plea of nolo contendere or its equivalent does not, of itself, establish that the person did  
34.25 not meet the criteria set forth in this subdivision.

34.26 Subd. 3. **Advances.** Subject to the provisions of subdivision 4, if a person is made or  
34.27 threatened to be made a party to a proceeding, the person is entitled, upon written request  
34.28 to the cooperative, to payment or reimbursement by the cooperative of reasonable expenses,  
34.29 including attorney fees and disbursements incurred by the person in advance of the final  
34.30 disposition of the proceeding:

34.31 (1) upon receipt by the cooperative of a written affirmation by the person of a good faith  
34.32 belief that the criteria for indemnification set forth in subdivision 2 have been satisfied, and  
34.33 a written undertaking by the person to repay all amounts paid or reimbursed by the

35.1 cooperative, if it is ultimately determined that the criteria for indemnification has not been  
35.2 satisfied; and

35.3 (2) after a determination that the facts then known to those making the determination  
35.4 would not preclude indemnification under this section.

35.5 The written undertaking required by clause (1) is an unlimited general obligation of the  
35.6 person making it, but need not be secured and shall be accepted without reference to financial  
35.7 ability to make the repayment.

35.8 Subd. 4. **Prohibition or limit on indemnification or advances.** The articles or bylaws  
35.9 either may prohibit indemnification or advances of expenses otherwise required by this  
35.10 section or may impose conditions on indemnification or advances of expenses in addition  
35.11 to the conditions contained in subdivisions 2 and 3, including, without limitation, monetary  
35.12 limits on indemnification or advances of expenses if the conditions apply equally to all  
35.13 persons or to all persons within a given class. A prohibition or limit on indemnification or  
35.14 advances of expenses may not apply to or affect the right of a person to indemnification or  
35.15 advances of expenses with respect to any acts or omissions of the person occurring before  
35.16 the effective date of a provision in the articles or the date of adoption of a provision in the  
35.17 bylaws establishing the prohibition or limit on indemnification or advances of expenses.

35.18 Subd. 5. **Reimbursement to witnesses.** This section does not require, or limit the ability  
35.19 of a cooperative to reimburse expenses, including attorney fees and disbursements incurred  
35.20 by a person in connection with an appearance as a witness in a proceeding at a time when  
35.21 the person has not been made or threatened to be made a party to a proceeding.

35.22 Subd. 6. **Determination of eligibility.** (a) All determinations whether indemnification  
35.23 of a person is required because the criteria set forth in subdivision 2 have been satisfied and  
35.24 whether a person is entitled to payment or reimbursement of expenses in advance of the  
35.25 final disposition of a proceeding as provided in subdivision 3 must be made:

35.26 (1) by the board by a majority of a quorum, if the directors who are, at the time, parties  
35.27 to the proceeding are not counted for determining either a majority or the presence of a  
35.28 quorum;

35.29 (2) if a quorum under clause (1) cannot be obtained by a majority of a committee of the  
35.30 board consisting solely of two or more directors not at the time parties to the proceeding  
35.31 duly designated to act in the matter by a majority of the full board, including directors who  
35.32 are parties;

36.1 (3) if a determination is not made under clause (1) or (2) by special legal counsel selected  
36.2 either by a majority of the board or a committee by vote under clause (1) or (2) or if the  
36.3 requisite quorum of the full board cannot be obtained and the committee cannot be established  
36.4 by a majority of the full board, including directors who are parties;

36.5 (4) if a determination is not made under clauses (1) to (3) by the affirmative vote of the  
36.6 members, but the membership interests held by parties to the proceeding must not be counted  
36.7 in determining the presence of a quorum, and are not considered to be present and entitled  
36.8 to vote on the determination; or

36.9 (5) if an adverse determination is made under clauses (1) to (4) or paragraph (b), or if  
36.10 no determination is made under clauses (1) to (4) or paragraph (b) within 60 days after (i)  
36.11 the later to occur of the termination of a proceeding or a written request for indemnification  
36.12 to the cooperative, or (ii) a written request for an advance of expenses, as the case may be,  
36.13 by a court in this state, which may be the same court in which the proceeding involving the  
36.14 person's liability took place upon application of the person and any notice the court requires.  
36.15 The person seeking indemnification or payment or reimbursement of expenses under this  
36.16 clause has the burden of establishing that the person is entitled to indemnification or payment  
36.17 or reimbursement of expenses.

36.18 (b) With respect to a person who is not, and was not at the time of the acts or omissions  
36.19 complained of in the proceedings; a director, general manager, or person possessing, directly  
36.20 or indirectly, the power to direct or cause the direction of the management or policies of  
36.21 the cooperative; the determination whether indemnification of this person is required because  
36.22 the criteria set forth in subdivision 2 have been satisfied; and whether this person is entitled  
36.23 to payment or reimbursement of expenses in advance of the final disposition of a proceeding  
36.24 as provided in subdivision 3 may be made by an annually appointed committee of the board,  
36.25 having at least one member who is a director. The committee shall report at least annually  
36.26 to the board concerning its actions.

36.27 Subd. 7. **Insurance.** A cooperative may purchase and maintain insurance on behalf of  
36.28 a person in that person's official capacity against any liability asserted against and incurred  
36.29 by the person in or arising from that capacity, whether or not the cooperative would have  
36.30 been required to indemnify the person against the liability under the provisions of this  
36.31 section.

36.32 Subd. 8. **Disclosure.** A cooperative that indemnifies or advances expenses to a person  
36.33 in accordance with this section in connection with a proceeding by or on behalf of the  
36.34 cooperative shall report to the members in writing the amount of the indemnification or

37.1 advance and to whom and on whose behalf it was paid not later than the next meeting of  
37.2 members.

37.3 Subd. 9. **Indemnification of other persons.** Nothing in this section shall be construed  
37.4 to limit the power of the cooperative to indemnify persons other than a director, general  
37.5 manager, member, employee, or member of a committee of the board of the cooperative by  
37.6 contract or otherwise.

37.7 Sec. 37. **[308C.475] OFFICERS.**

37.8 Subdivision 1. **Required officers.** (a) The board shall elect:

37.9 (1) a president or chief executive officer;

37.10 (2) one or more vice presidents;

37.11 (3) a secretary; and

37.12 (4) a treasurer or chief financial officer.

37.13 (b) The officers, other than the president or a general manager, shall not have the authority  
37.14 to bind the cooperative except as authorized by the board.

37.15 Subd. 2. **Additional officers.** The board may elect additional officers as the articles or  
37.16 bylaws authorize or require.

37.17 Subd. 3. **Treasurer and secretary may be combined.** The offices of secretary and  
37.18 treasurer may be combined.

37.19 Subd. 4. **Officers must be members.** All officers must be members of the cooperative.

37.20 Subd. 5. **Election of officers.** Officers of the cooperative shall be elected at such intervals  
37.21 as the articles or bylaws authorize or require and will hold office at the pleasure of the board.

37.22 Subd. 6. **Removal of officers.** Upon an affirmative vote of a majority of the members  
37.23 board, any officer may be removed with or without cause, and the officer's successor selected  
37.24 at any regular meeting of the board, or at any special meeting of the board called for such  
37.25 a purpose.

37.26 Subd. 7. **General manager.** The board may employ a general manager to manage the  
37.27 day-to-day affairs and business of the cooperative, and if a general manager is employed,  
37.28 the general manager shall have the authority to implement the functions, duties, and  
37.29 obligations of the cooperative except as restricted by the board. The general manager shall  
37.30 not exercise authority reserved to the board or the members under this chapter, the articles,  
37.31 or the bylaws.

38.1 Sec. 38. **308C.501 MEMBERS.**

38.2 Subdivision 1. **Requirement.** A cooperative shall have one or more members.

38.3 Subd. 2. **Classes of members.** A cooperative may have one class of members, all of  
38.4 whom are occupant members or a cooperative may have more than one class of members  
38.5 as long as one class of members are occupant members.

38.6 Subd. 3. **Member violations.** (a) A member who knowingly, intentionally, or repeatedly  
38.7 violates a provision of the articles, bylaws, occupancy agreement, proprietary lease or rules,  
38.8 policies, and procedures promulgated by the board may be required by the board to surrender  
38.9 the member's membership interest and occupancy rights or any other financial rights of  
38.10 membership interests of any class owned by a member, or both.

38.11 (b) The cooperative shall refund to the member for the surrendered membership interest  
38.12 at the lesser of the book value or the price paid the member for the membership interest  
38.13 payable in not more than seven years from the date of surrender.

38.14 (c) Membership interests required to be surrendered may be reissued or be retired and  
38.15 canceled by the board.

38.16 Subd. 4. **Inspection of cooperative records by member.** (a) A member is entitled to  
38.17 inspect and copy, at the member's expense, during regular business hours at a reasonable  
38.18 location specified by the cooperative, any of the records described in section 308C.245 if  
38.19 the member meets the requirements of paragraph (b) and gives the cooperative written  
38.20 demand at least five business days before the date on which the member wishes to inspect  
38.21 and copy the records. Notwithstanding the provisions of this subdivision or any provisions  
38.22 of section 308C.245, no member shall have the right to inspect or copy any records of the  
38.23 cooperative relating to the amount of equity capital in the cooperative held by any person  
38.24 or any accounts receivable or other amounts due the cooperative from any person, or any  
38.25 personnel records or employment records of any employee.

38.26 (b) To be entitled to inspect and copy permitted records, the member shall meet the  
38.27 following requirements:

38.28 (1) the member has been a member for at least one year immediately preceding the  
38.29 demand to inspect or copy or is a member holding at least five percent of all of the  
38.30 outstanding equity interests in the cooperative as of the date the demand is made;

38.31 (2) the demand is made in good faith and for a proper cooperative business purpose;

38.32 (3) the member describes with reasonable particularity the purpose and the records the  
38.33 member desires to inspect; and

39.1 (4) the records are directly connected with the described purpose.

39.2 (c) The right of inspection granted by this subdivision shall not be abolished or limited  
39.3 by the articles, bylaws, or any actions of the board or the members.

39.4 (d) This subdivision does not affect:

39.5 (1) the right of a member to inspect records to the same extent as any other litigant if  
39.6 the member is in litigation with the cooperative; or

39.7 (2) the power of a court to compel the production of the cooperative's records for  
39.8 examination.

39.9 (e) Notwithstanding any other provision in this subdivision, if the records to be inspected  
39.10 or copied are in active use or storage and, therefore, not available at the time otherwise  
39.11 provided for inspection or copying, the cooperative shall notify the member and shall set a  
39.12 date and hour within three business days of the date otherwise set in this subdivision for  
39.13 the inspection or copying.

39.14 (f) A member's agent or attorney has the same inspection and copying rights as the  
39.15 member. The right to copy records under this subdivision includes, if reasonable, the right  
39.16 to receive copies made by photographic copying, xerographic copying, or other means. The  
39.17 cooperative may impose a reasonable charge, covering the costs of labor and material, for  
39.18 copies of any documents provided to the member. The charge may not exceed the estimated  
39.19 cost of production and reproduction of the records.

39.20 (g) If a cooperative refuses to allow a member, or the member's agent or attorney, who  
39.21 complies with this subdivision to inspect or copy any records that the member is entitled to  
39.22 inspect or copy within a prescribed time limit or, if none, within a reasonable time, the  
39.23 district court of the county in this state where the cooperative's principal office is located  
39.24 or, if it has no principal office in this state, the district court of the county in which its  
39.25 registered office is located may, on application of the member, summarily order the inspection  
39.26 or copying of the records demanded at the cooperative's expense.

39.27 (h) If a court orders inspection or copying of the records demanded, unless the cooperative  
39.28 proves that it refused inspection or copying in good faith because it had a reasonable basis  
39.29 for doubt about the right of the member or the member's agent or attorney to inspect or copy  
39.30 the records demanded:

39.31 (1) the court may order the losing party to pay the prevailing party's reasonable costs,  
39.32 including reasonable attorney fees;

40.1 (2) the court may order the losing party to pay the prevailing party for any damages the  
40.2 prevailing party shall have incurred by reason of the subject matter of the litigation;

40.3 (3) if inspection or copying is ordered under this paragraph, the court may order the  
40.4 cooperative to pay the member's inspection and copying expenses;

40.5 (4) the court may grant either party any other remedy provided by law; and

40.6 (5) the court may impose reasonable restrictions on the use or distribution of the records  
40.7 by the demanding member.

40.8 Sec. 39. [308C.502] MEMBER RESTRICTIONS.

40.9 Subdivision 1. **Older persons.** In accordance with the applicable provisions of the Fair  
40.10 Housing Act, Title VIII of the Civil Rights Act of 1968, as amended; United States Code,  
40.11 title 42, chapter 3607, section 807(a)(b)(1)(2), and the rules and regulations of the United  
40.12 States Department of Housing and Urban Development applicable with respect to housing  
40.13 for older persons contained in Code of Federal Regulations, title 24, subtitle B, chapter I,  
40.14 subpart E, section 100.300-308, membership and housing in a cooperative governed by this  
40.15 chapter may be age restricted to older persons. As used in this section, "housing for older  
40.16 persons" means housing:

40.17 (1) intended for, and solely occupied by, persons 62 years of age or older, except that:

40.18 (i) as to joint holders of a membership, only one person need be age 62 or older; and

40.19 (ii) as to a trust that is the holder of a membership pursuant to the requirements of this  
40.20 chapter, only one beneficiary who intends to occupy the cooperative as a member need be  
40.21 age 62 or older; or

40.22 (2) intended and operated for occupancy by persons 55 years of age or older, and:

40.23 (i) at least 80 percent of the occupied units are occupied by at least one person who is  
40.24 55 years of age or older;

40.25 (ii) the housing facility or community publishes and adheres to policies and procedures  
40.26 that demonstrate the intent required under this clause; and

40.27 (iii) the housing facility or community complies with rules issued by the secretary of  
40.28 housing and urban development for verification of occupancy, which shall:

40.29 (A) provide for verification by reliable surveys and affidavits; and



41.1 (B) include examples of the types of policies and procedures relevant to a determination  
 41.2 of compliance with the requirement of item (ii). Such surveys and affidavits shall be  
 41.3 admissible in administrative and judicial proceedings for the purposes of such verification.

41.4 Subd. 2. **Persons of low or moderate income.** In accordance with the applicable  
 41.5 provisions of the Fair Housing Act, Title VIII of the Civil Rights Act of 1968, as amended;  
 41.6 United States Code, title 42, chapter 3607, section 807(a)(b)(1)(2), membership and housing  
 41.7 in a cooperative governed by this chapter may be restricted to persons of low or moderate  
 41.8 income.

41.9 Subd. 3. **Persons by activity.** Membership and housing in a cooperative governed by  
 41.10 this chapter may be restricted to persons engaged in a specific activity or persons who meet  
 41.11 a specified characteristic based on past activity provided such restriction does not violate  
 41.12 any provision of the Fair Housing Act, Title VIII of the Civil Rights Act of 1968, as amended;  
 41.13 United States Code, title 42, chapter 3607, section 807(a)(b)(1)(2).

41.14 Subd. 4. **Additional restrictions.** Cooperatives governed by this chapter may impose  
 41.15 the same age or income restrictions on any nonmember occupants the board may permit to  
 41.16 reside at the housing cooperative.

41.17 Sec. 40. **[308C.505] MEMBER NOT LIABLE FOR COOPERATIVE DEBTS.**

41.18 A member is not, merely on the account of that status, personally liable for the acts,  
 41.19 debts, liabilities, or obligations of a cooperative. A member is liable for any unpaid  
 41.20 subscription for the membership interest, unpaid membership fees or carrying charges, or  
 41.21 a debt for which the member has separately contracted with the cooperative.

41.22 Sec. 41. **[308C.511] REGULAR MEMBER MEETINGS.**

41.23 Subdivision 1. **Annual meeting.** Regular member meetings shall be held annually at a  
 41.24 time determined by the board, unless otherwise provided for in the bylaws.

41.25 Subd. 2. **Location.** The regular member meeting shall be held at the principal place of  
 41.26 business of the cooperative or at another conveniently located place as determined by the  
 41.27 bylaws or the board.

41.28 Subd. 3. **Business and fiscal reports.** Unless additional information is required by the  
 41.29 bylaws, the officers shall submit reports to the members at the regular member meetings  
 41.30 covering the business of the cooperative for the previous fiscal year that show the condition  
 41.31 of the cooperative at the close of the fiscal year.

42.1 Subd. 4. **Election of directors.** All directors shall be elected at the regular member  
 42.2 meeting for the terms of office prescribed in the bylaws.

42.3 Subd. 5. **Notice.** The cooperative shall give notice of regular member meetings by  
 42.4 personal delivery of the meeting notice to each member or mailing the regular member  
 42.5 meeting notice to each member at the member's post office address as it appears on the  
 42.6 membership book of the cooperative, or by other notification approved by the board and  
 42.7 agreed to by the members. The regular member meeting notice shall be published or  
 42.8 otherwise given by approved method at least two weeks before the date of the meeting, or  
 42.9 mailed at least 15 days, but not more than 30 days before the date of the meeting.

42.10 Subd. 6. **Waiver and objections.** A member may waive notice of a meeting of members.  
 42.11 A waiver of notice by a member entitled to notice is effective whether given before, at, or  
 42.12 after the meeting, and whether given in writing, orally, or by attendance. Attendance by a  
 42.13 member at a meeting is a waiver of notice of that meeting, except where the member objects  
 42.14 at the beginning of the meeting to the transaction of business because the meeting is not  
 42.15 lawfully called or convened, or objects before a vote on an item of business because the  
 42.16 item may not lawfully be considered at that meeting and does not participate in the  
 42.17 consideration of the item at that meeting.

42.18 **Sec. 42. [308C.515] SPECIAL MEMBER MEETINGS.**

42.19 Subdivision 1. **Calling meeting.** Special member meetings of the members may be  
 42.20 called by:

42.21 (1) a majority vote of the board; or

42.22 (2) the written petition of at least 20 percent of the occupant members and, if authorized,  
 42.23 20 percent of the nonoccupant members, 20 percent of all members, or members representing  
 42.24 20 percent of the membership interests collectively are submitted to the secretary.

42.25 Subd. 2. **Notice.** The cooperative shall give notice of a special member meeting by  
 42.26 mailing the special member meeting notice to each member personally at the person's post  
 42.27 office address as it appears on the membership book of the cooperative or an alternative  
 42.28 method approved by the board and the member individually or the members generally. The  
 42.29 special member meeting notice shall state the time, place, and purpose of the special member  
 42.30 meeting. The special member meeting notice shall be issued within ten days from and after  
 42.31 the date of the presentation of a member petition, and the special member meeting shall be  
 42.32 held within 30 days after the date of the presentation of the member petition.

43.1 Subd. 3. **Waiver and objections.** A member may waive notice of a special member  
43.2 meeting. A waiver of notice by a member entitled to notice is effective whether given before,  
43.3 at, or after the meeting, and whether given in writing, orally, or by attendance. Attendance  
43.4 by a member at a meeting is a waiver of notice of that meeting, except where the member  
43.5 objects at the beginning of the meeting to the transaction of business because the meeting  
43.6 is not lawfully called or convened, or objects before a vote on an item of business because  
43.7 the item may not lawfully be considered at the meeting, and does not participate in the  
43.8 consideration of the item at that meeting.

43.9 Sec. 43. **[308C.521] CERTIFICATION OF MEETING NOTICE.**

43.10 Subdivision 1. **Certificate of mailing.** After mailing special or regular member meeting  
43.11 notices or otherwise delivering the notices, the cooperative shall execute a certificate  
43.12 containing the date of mailing or delivery of the notice and a statement that the special or  
43.13 regular member meeting notices were mailed or delivered as prescribed by law.

43.14 Subd. 2. **Matter of record.** The certificate shall be made a part of the record of the  
43.15 meeting.

43.16 Subd. 3. **Failure to receive meeting notice.** Failure of a member to receive a special or  
43.17 regular member meeting notice does not invalidate an action taken by the members at a  
43.18 member meeting.

43.19 Sec. 44. **[308C.525] QUORUM.**

43.20 Subdivision 1. **Quorum.** At any annual or special meeting of the members, unless other  
43.21 increased by the bylaws, a quorum necessary for the transaction of business shall be ten  
43.22 percent of the total number of members for a cooperative with 100 or fewer members.

43.23 Subd. 2. **Quorum for voting by mail.** In determining a quorum at a meeting, on a  
43.24 question submitted to a vote by mail or an alternative method, members present in person  
43.25 or represented by mail vote or the alternative voting method shall be counted. The attendance  
43.26 of a sufficient number of members to constitute a quorum shall be established by a  
43.27 registration of the members of the cooperative present at the meeting. The registration shall  
43.28 be verified by the president or the secretary of the cooperative and shall be reported in the  
43.29 minutes of the meeting.

43.30 Subd. 3. **Meeting action invalid without quorum.** An action by a cooperative is not  
43.31 valid or legal in the absence of a quorum at the meeting at which the action was taken.

44.1 Sec. 45. **[308C.531] REMOTE COMMUNICATIONS FOR MEMBER MEETINGS.**

44.2 **Subdivision 1. Construction and application.** This section shall be construed and  
44.3 applied to:

44.4 (1) facilitate remote communication consistent with other applicable law; and

44.5 (2) be consistent with reasonable practices concerning remote communication and with  
44.6 the continued expansion of those practices.

44.7 **Subd. 2. Member meetings held solely by means of remote communication.** To the  
44.8 extent authorized in the articles or the bylaws and determined by the board, a regular or  
44.9 special meeting of members may be held solely by any combination of means of remote  
44.10 communication through which the members may participate in the meeting, if notice of the  
44.11 meeting is given to every owner of membership interests entitled to vote as would be required  
44.12 by this chapter for a meeting, and if the membership interests held by the members  
44.13 participating in the meeting would be sufficient to constitute a quorum at a meeting.  
44.14 Participation by a member by that means constitutes presence at the meeting in person if  
44.15 all the other requirements of this chapter for the meeting are met.

44.16 **Subd. 3. Participation in member meetings by means of remote communication.** To  
44.17 the extent authorized in the articles or the bylaws and determined by the board, a member  
44.18 not physically present in person at a regular or special meeting of members may, by means  
44.19 of remote communication, participate in a meeting of members held at a designated place.  
44.20 Participation by a member by that means constitutes presence at the meeting in person if  
44.21 all the other requirements of this chapter for the meeting are met.

44.22 **Subd. 4. Requirements for meetings held solely by means of remote communication**  
44.23 **and for participation by means of remote communication.** In any meeting of members  
44.24 held solely by means of remote communication under subdivision 2 or in any meeting of  
44.25 members held at a designated place in which one or more members participate by means  
44.26 of remote communication under subdivision 3:

44.27 (1) the cooperative shall implement reasonable measures to verify that each person  
44.28 deemed present and entitled to vote at the meeting by means of remote communication is  
44.29 a member; and

44.30 (2) the cooperative shall implement reasonable measures to provide each member  
44.31 participating by means of remote communication with a reasonable opportunity to participate  
44.32 in the meeting, including an opportunity to:

45.1 (i) read or hear the proceedings of the meeting substantially concurrently with those  
45.2 proceedings;

45.3 (ii) if allowed by the procedures governing the meeting, have the member's remarks  
45.4 heard or read by other participants in the meeting substantially concurrently with the making  
45.5 of those remarks; and

45.6 (iii) if otherwise entitled, vote on matters submitted to the members.

45.7 Subd. 5. **Notice to members.** (a) Any notice to members given by the cooperative under  
45.8 any provision of this chapter, the articles, or the bylaws by a form of electronic  
45.9 communication consented to by the member to whom the notice is given, is effective when  
45.10 given. The notice is deemed given:

45.11 (1) if by facsimile communication, when directed to a telephone number at which the  
45.12 member has consented to receive notice;

45.13 (2) if by electronic mail, when directed to an electronic mail address at which the member  
45.14 has consented to receive notice;

45.15 (3) if by a posting on an electronic network on which the member has consented to  
45.16 receive notice, together with separate notice to the member of the specific posting, upon  
45.17 the later of:

45.18 (i) the posting; and

45.19 (ii) the giving of the separate notice; and

45.20 (4) if by any other form of electronic communication by which the member has consented  
45.21 to receive notice, when directed to the member.

45.22 (b) An affidavit of the secretary, other authorized officer, or authorized agent of the  
45.23 cooperative that the notice has been given by a form of electronic communication is, in the  
45.24 absence of fraud, prima facie evidence of the facts stated in the affidavit.

45.25 (c) Consent by a member to notice given by electronic communication may be given in  
45.26 writing or by authenticated electronic communication. The cooperative is entitled to rely  
45.27 on any consent so given until revoked by the member, provided that no revocation affects  
45.28 the validity of any notice given before receipt by the cooperative of revocation of the consent.

45.29 Subd. 6. **Revocation.** Any ballot, vote, authorization, or consent submitted by electronic  
45.30 communication under this chapter may be revoked by the member submitting the ballot,  
45.31 vote, authorization, or consent so long as the revocation is received by a director or the chief

46.1 executive officer of the cooperative at or before the meeting or before an action without a  
46.2 meeting is effective.

46.3 Subd. 7. **Waiver.** Waiver of notice by a member of a meeting by means of authenticated  
46.4 electronic communication may be given in the manner provided for the regular or special  
46.5 meeting. Participation in a meeting by means of remote communication described in  
46.6 subdivisions 2 and 3 is a waiver of notice of that meeting, except where the member objects  
46.7 at the beginning of the meeting to the transaction of business because the meeting is not  
46.8 lawfully called or convened, or objects before a vote on an item of business because the  
46.9 item may not lawfully be considered at the meeting and does not participate in the  
46.10 consideration of the item at that meeting.

46.11 **Sec. 46. [308C.535] ACT OF MEMBERS.**

46.12 Subdivision 1. **Action of affirmative vote of members.** (a) The members shall take  
46.13 action by the affirmative vote of a majority of the membership interests present and entitled  
46.14 to vote on that item of business.

46.15 (b) If the articles or bylaws require a larger proportion than is required by this chapter  
46.16 for a particular action, the articles or bylaws shall have control over the provisions of this  
46.17 chapter.

46.18 Subd. 2. **Greater quorum or voting requirements.** (a) The articles or bylaws adopted  
46.19 by the members may provide for a greater quorum or voting requirement for members or  
46.20 voting groups than is provided for by this chapter.

46.21 (b) An amendment to the articles or bylaws that adds, changes, or deletes a greater  
46.22 quorum or voting requirement shall meet the same quorum requirement and be adopted by  
46.23 the same vote and voting groups required to take action under the quorum and voting  
46.24 requirements then in effect or proposed to be adopted, whichever is greater.

46.25 **Sec. 47. [308C.541] ACTION WITHOUT A MEETING.**

46.26 Subdivision 1. **Method.** An action required or permitted to be taken at a meeting of the  
46.27 members may be taken by written action signed or consented to by authenticated electronic  
46.28 communication, by a majority of the entire membership of record or such other percentage  
46.29 of membership as is defined in the cooperative's articles of incorporation or bylaws, that  
46.30 would be required to take the same action at a meeting of the members at which all members  
46.31 were present.

47.1 Subd. 2. **Effective time.** The written action is effective when signed or consented to by  
47.2 authenticated electronic communication by the required members, unless a different effective  
47.3 time is provided in the written action.

47.4 Subd. 3. **Notice and liability.** When written action is permitted to be taken by less than  
47.5 all members, all members must be notified immediately of its text and effective date. Failure  
47.6 to provide the notice does not invalidate the written action. A member who does not sign  
47.7 or consent to the written action has no liability for the action or actions taken by the written  
47.8 action.

47.9 Sec. 48. **[308C.545] MEMBER VOTING RIGHTS.**

47.10 Subdivision 1. **Generally.** One membership shall be issued by the cooperative for each  
47.11 dwelling unit or lot in the project the resulting number of memberships outstanding at all  
47.12 times is equal to the number of dwelling units or lots in the project. Each membership shall  
47.13 have one vote in the affairs of the cooperative. If the cooperative has both occupant and  
47.14 nonoccupant members, on any matter of the cooperative, the entire occupant members  
47.15 voting power shall be voted collectively based upon the vote of the majority of occupant  
47.16 members voting on the issue and the collective vote of the nonoccupant members shall be  
47.17 a majority of the vote cast unless otherwise provided in the bylaws. The bylaws may not  
47.18 reduce the collective occupant member vote to less than 15 percent of the total vote on  
47.19 matters of the cooperative. A nonoccupant member has the voting rights in accordance with  
47.20 nonoccupant membership interests as granted in the bylaws, subject to the provisions of  
47.21 this chapter.

47.22 Subd. 2. **Right to vote at meeting.** A member may exercise voting rights on any matter  
47.23 that is before the members as prescribed in the articles or bylaws at a member meeting from  
47.24 the time the member arrives at the member meeting, unless the articles or bylaws specify  
47.25 an earlier and specific time for closing the right to vote.

47.26 Subd. 3. **Voting method.** A member's vote at a member meeting shall be in person or  
47.27 by mail if a mail vote is authorized by the board or by alternative method if authorized by  
47.28 the board.

47.29 Subd. 4. **Absentee ballots.** (a) A member who is or will be absent from a member  
47.30 meeting may vote by mail or by an approved alternative method on the ballot prescribed in  
47.31 this subdivision on any motion, resolution, or amendment that the board submits for vote  
47.32 by mail or alternative method to the members.

47.33 (b) The ballot shall be in the form prescribed by the board and contain:

48.1 (1) the exact text of the proposed motion, resolution, or amendment to be acted on at  
48.2 the meeting; and

48.3 (2) the text of the motion, resolution, or amendment for which the member may indicate  
48.4 an affirmative or negative vote.

48.5 (c) The member shall express a choice by marking an appropriate choice on the ballot  
48.6 and mail, deliver, or otherwise submit the ballot to the cooperative in a plain, sealed envelope  
48.7 inside another envelope bearing the member's name or by an alternative method approved  
48.8 by the board.

48.9 (d) A properly executed ballot shall be accepted by the board and counted as the vote  
48.10 of the absent member at the meeting.

48.11 Subd. 5. **Jointly owned membership interest.** If membership interest is owned by two  
48.12 or more individuals, any individual may vote on a matter that is before the members, unless  
48.13 the cooperative receives written notice denying the authority of an individual to vote on the  
48.14 behalf of the jointly owned membership interest.

48.15 **Sec. 49. [308C.571] SALE OF PROPERTY AND ASSETS.**

48.16 Subdivision 1. **Member approval.** A cooperative, by affirmative vote of a majority of  
48.17 the board present, may sell, lease, transfer, or otherwise dispose of all or substantially all  
48.18 of its property and assets, including its good will, not in the usual and regular course of its  
48.19 business, a grant a security interest in all or substantially all of the cooperatives property  
48.20 and assets whether or not in the usual and regular course of its business upon those terms  
48.21 and conditions and for those considerations, which may be money, securities, or other  
48.22 instruments for the payment of money or other property, as the board considers expedient,  
48.23 when approved at a regular or special meeting of the members by the affirmative vote of  
48.24 the owners of a majority of the voting power of the interests entitled to vote. Written notice  
48.25 of the meeting must be given to all members whether or not they are entitled to vote at the  
48.26 meeting. The written notice must state that a purpose of the meeting is to consider the sale,  
48.27 lease, transfer, or other disposition of all or substantially all of the property and assets of  
48.28 the cooperative.

48.29 Subd. 2. **Confirmatory documents.** Confirmatory deeds, assignments, or similar  
48.30 instruments to evidence a sale, lease, transfer, or other disposition may be signed and  
48.31 delivered at any time in the name of the transferor by its current president of the board or  
48.32 authorized agents.



49.1 Subd. 3. **Liability of transferee.** The transferee is liable for the debts, obligations, and  
49.2 liabilities of the transferor only to the extent provided in the contract or agreement between  
49.3 the transferee and the transferor or to the extent provided by law.

49.4 Sec. 50. [308C.601] MEMBERSHIP INTERESTS.

49.5 Subdivision 1. **Amounts and divisions of membership interests.** The authorized amount  
49.6 and divisions of occupant membership interests and, if authorized, nonoccupant membership  
49.7 interests may be increased, decreased, established, or altered, in accordance with the  
49.8 restrictions in this chapter by amending the articles or bylaws at a regular members' meeting  
49.9 or at a special members' meeting called for the purpose of the amendment.

49.10 Subd. 2. **Issuance of membership interests.** Authorized membership interests may be  
49.11 issued on terms and conditions prescribed in the articles, bylaws, or if authorized in the  
49.12 articles or bylaws as determined by the board. The cooperative shall disclose to any person  
49.13 or entity acquiring membership interests to be issued by the cooperative, the organization,  
49.14 capital structure, and known business prospects and risks of the cooperative, the nature of  
49.15 the governance and financial rights of the membership interest being acquired and of other  
49.16 classes of membership and membership interests.

49.17 Subd. 3. **Occupant membership interests.** The occupant membership interests  
49.18 collectively shall have not less than 60 percent of the cooperative's financial rights to profit  
49.19 allocations and distributions. If authorized in the original articles as filed, or articles or  
49.20 bylaws adopted by an affirmative vote of the occupant members, or the articles or bylaws  
49.21 are amended by the affirmative vote of occupant members, then the cooperative's financial  
49.22 rights to profit allocations and distributions to occupant members collectively may be not  
49.23 less than 15 percent.

49.24 Subd. 4. **Transferring or selling membership interests.** After issuance by the  
49.25 cooperative, membership interests in a cooperative may only be sold or transferred with the  
49.26 approval of the board. The board may adopt resolutions prescribing procedures to  
49.27 prospectively approve transfers.

49.28 Subd. 5. **Nonoccupant membership interests.** If authorized by the articles, the  
49.29 cooperative may solicit and issue nonoccupant membership interests on terms and conditions  
49.30 determined by the board and disclosed in the articles, bylaws, or by separate disclosure to  
49.31 the members. Each member acquiring nonoccupant membership interests shall sign a member  
49.32 control agreement or agree to the conditions of the bylaws, either of which shall describe  
49.33 the rights and obligations of the member as it relates to the nonoccupant membership  
49.34 interests, the financial and governance rights, the transferability of the nonoccupant

50.1 membership interests, the division and allocations of profits and losses among the  
50.2 membership interests and membership classes, and financial rights upon liquidation. If the  
50.3 articles or bylaws do not otherwise provide for the allocation of the profits and losses between  
50.4 occupant membership interests and nonoccupant membership interests, then the allocation  
50.5 of profits and losses among nonoccupant membership interests individually and occupant  
50.6 membership interests collectively shall be allocated on the basis of the value of contributions  
50.7 to capital made according to the occupant membership interests collectively and the  
50.8 nonoccupant membership interests individually to the extent the contributions have been  
50.9 accepted by the cooperative. Distributions of cash or other assets of the cooperative shall  
50.10 be allocated among the membership interests as provided in the articles and bylaws, subject  
50.11 to the provisions of this chapter. If not otherwise provided in the articles or bylaws,  
50.12 distributions shall be made on the basis of value of the capital contributions of the occupant  
50.13 membership interests collectively and the nonoccupant membership interests to the extent  
50.14 the contributions have been accepted by the cooperative.

50.15 Subd. 6. **Cooperative first right to purchase membership interests.** The articles or  
50.16 bylaws may provide that the cooperative or the occupant members, individually or  
50.17 collectively, have the first privilege of purchasing the membership interests of any class of  
50.18 membership interests offered for sale. The first privilege to purchase membership interests  
50.19 may be satisfied by notice to other members that the membership interests are for sale and  
50.20 a procedure by which members may proceed to attempt to purchase and acquire the  
50.21 membership interests. A membership interest acquired by the cooperative may be held to  
50.22 be reissued or may be retired and canceled.

50.23 Subd. 7. **Payment for nonoccupant membership interests.** Subject to the provisions  
50.24 in the articles and bylaws, a member may dissent from and obtain payment for the fair value  
50.25 of the member's nonoccupant membership interests in the cooperative if the articles or  
50.26 bylaws are amended in a manner that materially and adversely affects the rights and  
50.27 preferences of the nonoccupant membership interests of the dissenting member. The  
50.28 dissenting member shall file a notice of intent to demand fair value of the membership  
50.29 interest with the records officer of the cooperative within 30 days after the amendment of  
50.30 the bylaws and notice of the amendment to members, otherwise the right of the dissenting  
50.31 member to demand payment of fair value for the membership interest is waived. If a proposed  
50.32 amendment of the articles or bylaws must be approved by the members, a member who is  
50.33 entitled to dissent and who wishes to exercise dissenter's rights shall file a notice to demand  
50.34 fair value of the membership interest with the records officer of the cooperative before the  
50.35 vote on the proposed action and shall not vote in favor of the proposed action, otherwise

51.1 the right to demand fair value for the membership interest by the dissenting member is  
51.2 waived. After receipt of the dissenting member's demand notice and approval of the  
51.3 amendment, the cooperative has 60 days to rescind the amendment or otherwise the  
51.4 cooperative shall remit the fair value for the member's interest to the dissenting member by  
51.5 180 days after receipt of the notice. Upon receipt of the fair value for the membership  
51.6 interest, the member has no further member rights in the cooperative.

51.7 **Sec. 51. [308C.602] TITLE TO MEMBERSHIP IN THE COOPERATIVE.**

51.8 (a) Title to membership in a cooperative governed by this chapter may be held by:

51.9 (1) a natural person who satisfies the member restrictions set forth in this chapter;

51.10 (2) a natural person who does not satisfy the restrictions set forth in this chapter but who  
51.11 purchases a membership interest for a natural person who satisfies the restrictions set forth  
51.12 in this chapter and who is a member of the cooperative and shall, for purposes of this section,  
51.13 be referred to as a "third-party purchaser";

51.14 (3) a natural person who is the trustee of a trust, except as prohibited, limited, or otherwise  
51.15 provided by the cooperative. If title to a membership interest is held by a trustee of a trust,  
51.16 a beneficiary of the trust must be a natural person who satisfies the restriction set forth in  
51.17 this chapter and who exercises the right of occupancy appurtenant to membership. In order  
51.18 to apply for membership in the cooperative following the death of a member or members  
51.19 who occupied the cooperative under the trust's title, a successor beneficiary of the trust must  
51.20 satisfy the restriction structure set forth in this chapter. The cooperative may require successor  
51.21 beneficiaries who did not occupy the dwelling unit with the deceased cooperative member  
51.22 or members to offer the membership interest back to the cooperative for sale pursuant to  
51.23 any cooperative right of first refusal, cooperative purchase option, or other membership  
51.24 sale requirements or restrictions established by the cooperative in its bylaws or through the  
51.25 cooperative's policies, rules, or regulations;

51.26 (4) an adult natural person remainderman, subject to a life estate retained by a natural  
51.27 person who satisfies the restrictions set forth in this chapter and who exercises the right of  
51.28 occupancy appurtenant to membership in the dwelling unit, except as prohibited, limited,  
51.29 or otherwise provided by the bylaws. In order to apply for membership in the cooperative  
51.30 following the death of the life tenant member or members of the cooperative, a remainderman  
51.31 must satisfy the age restriction structure set forth in this chapter for membership in the  
51.32 cooperative. Following the death of the life tenant member, a cooperative may require a  
51.33 remainderman to offer the membership interest back to the cooperative for sale pursuant to  
51.34 any cooperative right of first refusal, cooperative purchase option, or other membership

52.1 sale requirements or restrictions established by the cooperative in its bylaws or through the  
 52.2 cooperative's policies, rules, or regulations;

52.3 (5) transfer on death (TOD) beneficiaries upon the death of a member in the cooperative  
 52.4 and in accordance with the Minnesota Uniform TOD Security Registration Act, sections  
 52.5 524.6-301, et. seq., except as prohibited, limited, or otherwise provided by the cooperative.

52.6 A natural person who, as a TOD beneficiary, becomes the title holder of a membership  
 52.7 interest in the cooperative following the death of a member must satisfy the restriction  
 52.8 structure set forth in this chapter in order to apply for membership in the cooperative. A  
 52.9 cooperative may require a TOD beneficiary who becomes the title holder of a membership  
 52.10 interest in the cooperative following the death of a member to offer the membership interest  
 52.11 back to the cooperative for sale pursuant to any cooperative right of first refusal, cooperative  
 52.12 purchase option, or other membership sale requirements or restrictions the cooperative may  
 52.13 have developed in its bylaws or through the cooperative's policies, rules, or regulations;  
 52.14 and

52.15 (6) with respect to nonoccupant membership interest, any person as defined by this  
 52.16 chapter.

52.17 (b) In each instance in which title to a membership interest is held by a trustee,  
 52.18 remainderman, or third-party purchaser who purchases a membership interest for a member  
 52.19 who will occupy the cooperative, the trustee, remainderman, or third-party purchaser shall  
 52.20 agree to abide by the cooperative's articles, bylaws, occupancy agreement or proprietary  
 52.21 lease of the member, and rules, policies, and regulations of the cooperative, and shall not,  
 52.22 by virtue of their status of holding title to the membership interest, have any voting rights  
 52.23 that a member of the cooperative would otherwise have by reason of being the holder of a  
 52.24 membership certificate. All voting rights shall be vested solely with the member who  
 52.25 occupies the cooperative.

52.26 Sec. 52. **[308C.603] DEVELOPER RIGHTS, RESTRICTIONS, AND OBLIGATIONS.**

52.27 Subdivision 1. **Developer control.** If a developer causes a cooperative to be organized  
 52.28 under this chapter, the developer shall have the right to appoint an initial board of directors  
 52.29 consisting of three persons. The developer's control of the board shall terminate on the date  
 52.30 of the first annual meeting of members. The first annual meeting shall occur on or about 60  
 52.31 days after the date of the certificate of occupancy issued for the project by the municipality  
 52.32 in which the project is situated and subject to any requirements under the mortgage for  
 52.33 permanent financing related to the project.

53.1 Subd. 2. **Termination of developer's contracts.** Any contract, lease, or license binding  
53.2 the cooperative and to which the developer or an affiliate of the developer is a party may  
53.3 be terminated without penalty by the cooperative upon not less than 90 days' notice if entered  
53.4 into prior to termination of the period of developer control. The notice shall be in writing  
53.5 and is effective upon hand delivery or upon mailing properly addressed with postage prepaid  
53.6 and deposited in the United States mail. This subdivision does not apply to any mortgage  
53.7 encumbering the cooperative's real estate.

53.8 Subd. 3. **Developer's standard of conduct during period of developer control.** (a)  
53.9 During the period of the developer's control of the cooperative, the developer and any of  
53.10 the developer's representatives who are acting as officers or directors of the cooperative  
53.11 shall be subject to the provisions of sections 308C.401 and 308C.455.

53.12 (b) At such time as the developer's control of the cooperative terminates, the developer  
53.13 shall deliver to the board exclusive control of all funds of the cooperative, all contracts and  
53.14 agreements to which the cooperative was or is a party, all corporate records of the  
53.15 cooperative, and all plans and specifications relating to the project.

53.16 Subd. 4. **Developer's obligation for assessments.** (a) Prior to the commencement of  
53.17 occupancy of the project by the members, the developer shall pay all accrued expenses of  
53.18 the cooperative.

53.19 (b) After the commencement of occupancy of the project by the members, the developer  
53.20 shall pay all common expenses and payments to reserves allocated to the dwelling unit  
53.21 appurtenant to the membership interests that have not been conveyed to members, and the  
53.22 payment obligation shall remain in effect until each unissued membership interest has been  
53.23 conveyed to a member.

53.24 Sec. 53. **[308C.605] ASSIGNMENT OF FINANCIAL RIGHTS.**

53.25 Subdivision 1. **Assignment of financial rights permitted.** Except as provided in  
53.26 subdivision 3, a member's financial rights are transferable in whole or in part.

53.27 Subd. 2. **Effect of assignment of financial rights.** An assignment of a member's financial  
53.28 rights entitles the assignee to receive, to the extent assigned, only the share of profits and  
53.29 losses and the distributions, if any, to which the assignor would otherwise be entitled. An  
53.30 assignment of a member's financial rights does not dissolve the cooperative and does not  
53.31 entitle or empower the assignee to become a member, to exercise any governance rights,  
53.32 to receive any notices from the cooperative, or to cause dissolution. The assignment shall  
53.33 not allow the assignee to control the member's exercise of governance or voting rights.

54.1 Subd. 3. **Restrictions of assignment of financial rights.** (a) A restriction on the  
 54.2 assignment of financial rights may be imposed in the articles, in the bylaws, in an operating  
 54.3 agreement, by a resolution adopted by the members, by an agreement among or other written  
 54.4 action by the members, or by an agreement among or other written action by the members  
 54.5 and the cooperative. A restriction is not binding with respect to financial rights reflected in  
 54.6 the required records before the adoption of the restriction, unless the owners of those financial  
 54.7 rights are parties to the agreement or voted in favor of the restriction.

54.8 (b) Subject to paragraph (c), a written restriction on the assignment of financial rights  
 54.9 that is not manifestly unreasonable under the circumstances and is noted conspicuously in  
 54.10 the required records may be enforced against the owner of the restricted financial rights or  
 54.11 a successor or transferee of the owner, including a pledgee or a legal representative. Unless  
 54.12 noted conspicuously in the required records, a restriction, even though permitted by this  
 54.13 section, is ineffective against a person without knowledge of the restriction.

54.14 (c) With regard to restrictions on the assignment of financial rights, a would-be assignee  
 54.15 of financial rights is entitled to rely on a statement of membership interest issued by the  
 54.16 cooperative. A restriction on the assignment of financial rights, which is otherwise valid  
 54.17 and in effect at the time of the issuance of a statement of membership interest but which is  
 54.18 not reflected in that statement, is ineffective against an assignee who takes an assignment  
 54.19 in reliance on the statement.

54.20 (d) Notwithstanding any provision of law, articles, bylaws, operating agreement, other  
 54.21 agreement, resolution, or action to the contrary, a security interest in a member's financial  
 54.22 rights may be foreclosed and otherwise enforced, and a secured party may assign a member's  
 54.23 financial rights in accordance with chapter 336, without the consent or approval of the  
 54.24 member whose financial rights are subject to the security interest.

54.25 Sec. 54. **[308C.611] NATURE OF A MEMBERSHIP INTEREST AND STATEMENT**  
 54.26 **OF INTEREST OWNED.**

54.27 Subdivision 1. **Generally.** A membership interest is personal property. A member has  
 54.28 no interest in specific cooperative property except the right to occupy a dwelling unit pursuant  
 54.29 to an occupancy agreement, the proprietary lease, and use of the common elements. All  
 54.30 property of the cooperative is property of the cooperative itself.

54.31 Subd. 2. **Lien on membership interest.** The cooperative may take a lien on the  
 54.32 membership interest and any dwelling unit represented by the membership certificate for  
 54.33 all sums due and to become due under the articles, bylaws, occupancy agreement, and  
 54.34 propriety lease whether by means of assessments or otherwise. The board may refuse consent

55.1 to the transfer of the membership interest represented by the membership certificate until  
55.2 all outstanding sums due under the occupancy agreement are paid or for other reasonable  
55.3 cause described in the bylaws.

55.4 Subd. 3. **Terms of membership interests.** All the membership interests of a cooperative  
55.5 must:

55.6 (1) be of one class, without series, unless the articles or bylaws establish or authorize  
55.7 the board to establish more than one class or series within classes;

55.8 (2) be occupant membership interests and if authorized nonoccupant membership interest  
55.9 subject to this chapter entitled to vote as provided in section 308C.555, and have equal  
55.10 rights and preferences in all matters not otherwise provided for by the board and to the  
55.11 extent that the articles or bylaws have fixed the relative rights and preferences of different  
55.12 classes and series; and

55.13 (3) if applicable due to the nature of the cooperative, share profits and losses and are  
55.14 entitled to distributions as provided in sections 308C.721 and 308C.725.

55.15 Subd. 4. **Rights of judgment creditor.** On application to a court of competent jurisdiction  
55.16 by any judgment creditor of a member, the court may charge a member's with payment of  
55.17 the unsatisfied amount of the judgment with interest. To the extent so charged, the judgment  
55.18 creditor has only the rights of an assignee of a member's financial rights, if any. This chapter  
55.19 does not deprive any member or a judgment creditor who is an assignee of financial rights  
55.20 of the benefit of any exemption laws applicable to the membership interest. This section is  
55.21 the sole and exclusive remedy of a judgment creditor with respect to the judgment debtor's  
55.22 membership interest.

55.23 Subd. 5. **Procedure for fixing terms.** (a) Subject to any restrictions in the articles or  
55.24 bylaws, the power granted in this subdivision may be exercised by a resolution or resolutions  
55.25 establishing a class or series, setting forth the designation of the class or series, and fixing  
55.26 the relative rights and preferences of the class or series. Any of the rights and preferences  
55.27 of a class or series established in the articles, bylaws, or by resolution of the board:

55.28 (1) may be made dependent upon facts ascertainable outside the articles or bylaws or  
55.29 outside the resolution or resolutions establishing the class or series, if the manner in which  
55.30 the facts operate upon the rights and preferences of the class or series is clearly and expressly  
55.31 set forth in the articles or bylaws or in the resolution or resolutions establishing the class or  
55.32 series; and

56.1 (2) may include by reference some or all of the terms of any agreements, contracts, or  
56.2 other arrangements entered into by the cooperative in connection with the establishment of  
56.3 the class or series if the cooperative retains at its principal executive office a copy of the  
56.4 agreements, contracts, or other arrangements or the portions will be included by reference.

56.5 (b) A statement setting forth the name of the cooperative and the text of the resolution  
56.6 and certifying the adoption of the resolution and the date of adoption must be given to the  
56.7 members before the acceptance of any contributions for which the resolution creates rights  
56.8 or preferences not set forth in the articles or bylaws. Where the members have received  
56.9 notice of the creation of membership interests with rights or preferences not set forth in the  
56.10 articles or bylaws before the acceptance of the contributions with respect to the membership  
56.11 interests, the statement may be filed any time within one year after the acceptance of the  
56.12 contributions. The resolution is effective three days after delivery to the members is deemed  
56.13 effective by the board, or, if the statement is not required to be given to the members before  
56.14 the acceptance of contributions, on the date of its adoption by the directors.

56.15 Subd. 6. **Specific terms.** Without limiting the authority granted in this section, a  
56.16 cooperative may have membership interests of a class or series:

56.17 (1) subject to the right of the cooperative to redeem any of those membership interests  
56.18 at the price fixed for their redemption by the articles or bylaws or by the board;

56.19 (2) entitling the members to cumulative, partially cumulative, or noncumulative  
56.20 distributions;

56.21 (3) having preference over any class or series of membership interests for the payment  
56.22 of distributions of any or all kinds;

56.23 (4) convertible into membership interests of any other class or any series of the same or  
56.24 another class; or

56.25 (5) having full, partial, or no voting rights, except as provided in section 308B.555.

56.26 Subd. 7. **Grant of a security interest.** For the purpose of any law relating to security  
56.27 interests, membership interests, governance or voting rights, and financial rights are each  
56.28 to be characterized as provided in section 336.8-103, paragraph (c).

56.29 Subd. 8. **Powers of estate of a deceased or incompetent member.** (a) If a member  
56.30 who is an individual dies or a court of competent jurisdiction adjudges the member to be  
56.31 incompetent to manage the member's person or property, or an order for relief under the  
56.32 bankruptcy code is entered with respect to the member, the member's executor, administrator,  
56.33 guardian, conservator, trustee, or other legal representative may exercise all of the member's



57.1 rights for the purpose of settling the estate or administering the member's property. If a  
 57.2 member is a business entity, trust, or other entity and is dissolved, terminated, or placed by  
 57.3 a court in receivership or bankruptcy, the powers of that member may be exercised by its  
 57.4 legal representative or successor.

57.5 (b) If an event referred to in paragraph (a) causes the termination of a member's  
 57.6 membership interest and the termination does not result in dissolution, then subject to the  
 57.7 articles and bylaws:

57.8 (1) as provided in section 308C.605, the terminated member's interest will be considered  
 57.9 to be merely that of an assignee of the financial rights owned before the termination of  
 57.10 membership; and

57.11 (2) the rights to be exercised by the legal representative of the terminated member will  
 57.12 be limited accordingly.

57.13 **Subd. 9. Liability of subscribers and members with respect to membership**  
 57.14 **interests.** A subscriber for membership interests or a member of a cooperative is under no  
 57.15 obligation to the cooperative or its creditors with respect to the membership interests  
 57.16 subscribed for or owned, except to pay to the cooperative the full consideration for which  
 57.17 the membership interests are issued or to be issued.

57.18 **Sec. 55. [308C.612] SENIOR HOUSING COOPERATIVE OFFERING**  
 57.19 **DOCUMENTS; GENERAL PROVISIONS.**

57.20 **Subdivision 1. Generally.** The senior housing cooperative organized under this chapter  
 57.21 shall provide to each subscriber for a membership in the cooperative: (1) an occupancy  
 57.22 agreement or proprietary lease; (2) the articles; (3) the bylaws; (4) an annualized budget for  
 57.23 the current fiscal period; and (5)(i) for the initial purchase of a membership interest to which  
 57.24 a particular dwelling unit is appurtenant, an information bulletin and a subscription  
 57.25 agreement; and (ii) for any purchase of a membership interest after its initial purchase, a  
 57.26 resale disclosure statement and a membership purchase and sale agreement, all of which  
 57.27 shall minimally include the contents of the provisions set forth in subdivisions 2 to 6, as  
 57.28 applicable.

57.29 **Subd. 2. Information bulletin.** (a) With respect to an initial sale of a cooperative's  
 57.30 authorized membership interests to older persons, each subscriber for membership shall be  
 57.31 given an information bulletin that shall fully and accurately disclose:

57.32 (1) the name and principal address of the cooperative;

57.33 (2) the number of dwelling units in the project;

- 58.1 (3) a general description of the project, including, at a minimum:
- 58.2 (i) the number of buildings;
- 58.3 (ii) the number of dwellings per building;
- 58.4 (iii) the type of construction;
- 58.5 (iv) whether the project involves new construction or rehabilitation;
- 58.6 (v) whether any building was wholly or partially occupied, for any purpose, before it  
58.7 was added to the project and the nature of the occupancy;
- 58.8 (vi) a general description of any roads, trails, or utilities that are located on the common  
58.9 elements and that the cooperative is required to maintain;
- 58.10 (vii) the name of the developer, the developer's credentials, and the credentials of the  
58.11 persons constituting the initial board of directors of the cooperative; and
- 58.12 (viii) a statement that the developer shall be financially liable for all of the common  
58.13 expenses and costs allocated to the unsold membership interests and dwelling units  
58.14 appurtenant thereto until such membership interests are sold to the initial purchasers thereof;
- 58.15 (4) the cooperative's schedule of commencement and completion of construction of any  
58.16 buildings and other improvements that the cooperative is obligated to build;
- 58.17 (5) any expenses or services not reflected in the budget that the cooperative pays or  
58.18 provides that may become a common expense and the projected common expense attributable  
58.19 to each of those expenses or services;
- 58.20 (6) identification of any liens, defects, or encumbrances that will continue to affect the  
58.21 title to a dwelling unit or to any real property owned by the cooperative after the contemplated  
58.22 conveyance;
- 58.23 (7) a statement disclosing to the extent of the cooperative's or an affiliate of a cooperative's  
58.24 actual knowledge, after reasonable inquiry, any unsatisfied judgments or lawsuits to which  
58.25 the cooperative is a party, and the status of those lawsuits which are material to the project  
58.26 or the dwelling unit appurtenant to a membership being purchased;
- 58.27 (8) a summary of the insurance coverage provided by the cooperative for the benefit of  
58.28 members, and a detailed description of the insurance coverage that members are encouraged  
58.29 to purchase for their own benefit;
- 58.30 (9) a statement describing:

59.1 (i) whether the members are entitled for federal and state tax purposes to deduct payments  
59.2 made by the cooperative for real estate taxes and interest paid to the holder of a security  
59.3 interest encumbering the cooperative;

59.4 (ii) a statement as to the effect on the members if the cooperative fails to pay real estate  
59.5 taxes or payments due the holder of a security interest encumbering the cooperative; and

59.6 (iii) the principal amount and a general description of the terms of any blanket mortgage  
59.7 contract for deed, or other blanket security instrument encumbering the cooperative property;

59.8 (10) a statement:

59.9 (i) that real estate taxes for the dwelling unit or any real property owned by the  
59.10 cooperative are not delinquent, or if there are delinquent real estate taxes, describing the  
59.11 property for which the taxes are delinquent, stating the amount of the delinquent taxes,  
59.12 interest, and penalties, and stating the years for which taxes are delinquent; and

59.13 (ii) setting forth the amount of real estate taxes expected to be allocated to the dwelling  
59.14 units, including the amount of any special assessments certified for payment with the real  
59.15 estate taxes, due and payable with respect to the dwelling unit in the year in which the  
59.16 information bulletin is given;

59.17 (11) any recorded covenants, conditions restrictions, and reservations affecting the  
59.18 project; a statement that the occupancy agreement must be signed at the closing; and a  
59.19 statement that members are required to abide by the bylaws, the articles of incorporation,  
59.20 and the rules, regulations, and policies of the cooperative, including amendments from time  
59.21 to time;

59.22 (12) a brief narrative description of any material agreements entered into between the  
59.23 cooperative and a governmental entity that affect the project;

59.24 (13) a budget prepared by the developer; and

59.25 (14) a statement that purchase and sales of memberships and rights under occupancy  
59.26 agreements are not for speculative purposes and that investments in the cooperative by  
59.27 members are for the sole purpose of securing and acquiring a dwelling unit for their  
59.28 residential use and benefit.

59.29 (b) A cooperative shall promptly amend the information bulletin to reflect any material  
59.30 change in the information required by this chapter.

59.31 Subd. 3. **Resale disclosure certificate.** (a) In the event of a resale of a membership  
59.32 interest by either the departing member or by the cooperative, the departing member or the

60.1 cooperative, as applicable, shall furnish to the purchaser before the execution of any purchase  
60.2 and sale agreement for the applicable membership interest the following documents relating  
60.3 to the cooperative:

60.4 (1) copies of the articles and bylaws, any rules and regulations, and any amendments  
60.5 thereto; and

60.6 (2) a resale disclosure certificate containing the information set forth in paragraph (b).

60.7 (b) The resale disclosure certificate must provide the following information:

60.8 (1) the name of the cooperative;

60.9 (2) the number of the dwelling unit appurtenant to the subject membership interest;

60.10 (3) the amount of the monthly common expense assessments payable under the occupancy  
60.11 agreement applicable to the subject dwelling unit;

60.12 (4) the amount of other additional fees or charges payable by members, such as late  
60.13 payment charges;

60.14 (5) extraordinary expenditures, if any, approved by the cooperative and not yet assessed  
60.15 to members for the current and two succeeding fiscal years;

60.16 (6) the current balances in the cooperative's replacement reserve and the general operating  
60.17 reserve, and any other reserves maintained by the cooperative;

60.18 (7) copies of the most current financial statements of the cooperative, including balance  
60.19 sheet and income and expense statements;

60.20 (8) a disclosure of any unsatisfied judgments against the cooperative;

60.21 (9) a statement that there are no pending lawsuits to which the cooperative is a party  
60.22 except as specifically disclosed;

60.23 (10) a radon disclosure pursuant to the requirements of section 144.496; and

60.24 (11) the resale disclosure certificate shall contain a certification by the subscribing party  
60.25 that the information contained therein is true and correct as of the date of the certification.

60.26 Subd. 4. **Subscription agreement for new project.** The subscription agreement must  
60.27 include the following provisions:

60.28 (1) a statement that all subscription funds received from applicants shall be deposited  
60.29 promptly without deduction in an escrow account at a bank or banks whose deposits are  
60.30 insured by an agency of the federal government. The escrow account shall be controlled by  
60.31 a licensed title insurance company or agent thereof. Money in the account shall be held

61.1 solely for the benefit of the subscribers until transferred to the account of the cooperative  
61.2 as provided in clauses (2) and (5). The escrow account may be interest bearing, in which  
61.3 event interest earnings shall accrue to the benefit of subscribers, except that subscription  
61.4 funds and interest earned, if any, may be used solely to pay the escrow agent to administer  
61.5 the escrow account and to pay costs and expenses associated with the offering;

61.6 (2) a statement of any subscription funds due and payable upon execution of the  
61.7 subscription agreement and, where less than all of the subscription funds are due and payable  
61.8 upon execution of the subscription agreement, a statement of the balance due and payable  
61.9 and the estimated time frame within which that balance must be paid;

61.10 (3) a statement of the estimated monthly carrying charges with respect to the membership  
61.11 interest being subscribed for;

61.12 (4) a statement that refundable subscription funds shall be immediately refunded by the  
61.13 escrow agent to an applicant whose subscription agreement is terminated pursuant to the  
61.14 agreement and a statement whether the return of subscription funds shall be with or without  
61.15 accrued interest earned on the escrow;

61.16 (5) a statement concerning the deadline when sufficient subscribers and loan commitments  
61.17 must be obtained, and a statement that if the deadline is not attained, the subscribers' escrowed  
61.18 funds will be released;

61.19 (6) a statement that the entire escrow account and accrued interest earned, if any, shall  
61.20 be immediately paid to the cooperative if sufficient subscribers and loan commitments are  
61.21 obtained by the disclosed end date and the cooperative proceeds with the project;

61.22 (7) a statement that:

61.23 (i) within ten days after the receipt of an information bulletin, a purchaser may cancel  
61.24 the subscription agreement for the purchase of a membership in a cooperative, provided  
61.25 that the right to cancel terminates upon the purchaser's voluntary acceptance of a conveyance  
61.26 of the membership interest from the cooperative or by the purchaser agreeing to modify or  
61.27 waive the right to cancel by a separate writing from the subscription agreement and signed  
61.28 by the purchaser more than three days after the purchaser receives the information bulletin;  
61.29 and

61.30 (ii) if a purchaser receives an information bulletin more than ten days before signing a  
61.31 subscription agreement, the purchaser cannot cancel the subscription agreement pursuant  
61.32 to this ten-day cancellation.

62.1 Subd. 5. Membership purchase and sale agreements. In the event of a resale of a  
62.2 membership interest by either the departing member or by the cooperative, a membership  
62.3 purchase and sale agreement shall be utilized as the contract for purchase of the membership  
62.4 interest rather than a subscription agreement. A membership purchase and sale agreement  
62.5 must contain the following provisions:

62.6 (1) a statement disclosing the identities of the selling and purchasing parties;

62.7 (2) a statement acknowledging that the purchase of a membership interest in the  
62.8 cooperative constitutes personal property and not an interest in real estate;

62.9 (3) a statement of the purchase price for the membership interest, including any earnest  
62.10 money due and payable, the date on which the membership interest is due and payable, and  
62.11 any sum which may be due and payable upon closing;

62.12 (4) a schedule of any items of personal property owned by the seller that the buyer is  
62.13 purchasing as part of the membership interest;

62.14 (5) a statement acknowledging that the seller and the cooperative have furnished the  
62.15 buyer with copies of the cooperative's articles of incorporation, bylaws, rules, and policies  
62.16 currently in effect and a resale disclosure statement;

62.17 (6) a statement that:

62.18 (i) within ten days after the receipt of a copy of the documents set forth in clause (5), a  
62.19 purchaser may cancel the purchase agreement for the purchase of a membership in a  
62.20 cooperative, without penalty and with a full and prompt refund of all payments made under  
62.21 the purchase agreement, unless within that ten-day period the buyer has closed on the  
62.22 purchase of the membership interest; and

62.23 (ii) if the buyer elects to cancel the purchase agreement pursuant to this provision, the  
62.24 buyer may do so in writing by hand delivering the notice of cancellation to the seller or  
62.25 seller's agent, or by mailing such notice by postage prepaid United States mail, to the seller  
62.26 or the seller's agent within the ten-day period;

62.27 (7) a statement outlining any contingencies or conditions precedent to closing on the  
62.28 purchase of the membership interest and the impact of a failure of one or more of the  
62.29 articulated contingencies on the refund of any earnest money to the buyer;

62.30 (8) a statement of the monthly carrying charges allocable to the dwelling unit appurtenant  
62.31 to the membership interest being purchased and any adjustments or prorations of carrying  
62.32 charges due and payable in the month of closing as between the seller and buyer;

63.1 (9) a statement of any dwelling alterations that will be permitted prior to closing, the  
63.2 conditions under which those alterations may be made, and the parties financially responsible  
63.3 for any such alterations;

63.4 (10) a statement of the anticipated closing date for the purchase of the membership  
63.5 interest;

63.6 (11) a statement of the remedies available to the seller or buyer as a result of a default  
63.7 by the other party in its obligation to close on the purchase of the subject membership  
63.8 interest;

63.9 (12) a schedule of the items to be delivered at closing which shall include:

63.10 (i) the seller's delivery of seller's membership certificate to the buyer, duly assigned to  
63.11 the buyer;

63.12 (ii) the seller's delivery to the buyer of a bill of sale in a form reasonably acceptable to  
63.13 the buyer, conveying to the buyer free and clear of all encumbrances any personal property  
63.14 purchased by the buyer pursuant to clause (4);

63.15 (iii) the buyer's delivery to the seller of funds representing any balance of the purchase  
63.16 price due and payable; and

63.17 (iv) the buyer's delivery to the cooperative of an occupancy agreement duly executed  
63.18 by the buyer; and

63.19 (13) a statement regarding the impact of destruction of the subject dwelling unit prior  
63.20 to the closing date on the buyer's purchase obligations and refund of any earnest money  
63.21 paid.

63.22 Subd. 6. **Occupancy agreement contents.** The occupancy agreement must include the  
63.23 following provisions:

63.24 (1) a statement of the monthly carrying charges due and payable by the member to the  
63.25 cooperative representing the member's proportionate share of the sum that the cooperative's  
63.26 board of directors' estimates are required to meet the cooperative's annual expenses, and  
63.27 the method of calculating the same;

63.28 (2) a statement of when the payment of carrying charges will commence;

63.29 (3) a statement of the circumstances under which the cooperative may issue any patronage  
63.30 refunds or credits to members;

63.31 (4) a statement that the term of the occupancy agreement is coextensive with membership  
63.32 in the cooperative, a statement regarding any automatic renewal of the occupancy agreement

64.1 term, and a statement of any other terms, conditions, or requirements for renewal of the  
64.2 occupancy agreement term;

64.3 (5) a statement of the terms under which the member or cooperative may terminate a  
64.4 member's occupancy agreement;

64.5 (6) a statement that the member may occupy the member's dwelling unit solely as a  
64.6 private residential dwelling unit;

64.7 (7) a statement outlining the member's rights, duties, and obligations under the occupancy  
64.8 agreement and as a member of the cooperative;

64.9 (8) a statement outlining member acts prohibited by the occupancy agreement, articles,  
64.10 bylaws, or the rules, regulations, and policies of the cooperative;

64.11 (9) a statement regarding the circumstances under which assignment of the occupancy  
64.12 agreement or subletting is to be permitted or prohibited;

64.13 (10) a statement outlining the circumstances and manner in which a membership interest  
64.14 can be transferred, assigned, or sold;

64.15 (11) a statement outlining the manner in which the cooperative will manage the  
64.16 cooperative property and operate and administer the cooperative's business, including the  
64.17 payment of all taxes and assessments levied against the cooperative to the extent not billed  
64.18 by the taxing authority directly to the member;

64.19 (12) a statement outlining the separate insurance obligations of the cooperative and the  
64.20 member, and should minimally include the separate insurance requirements set forth in this  
64.21 chapter;

64.22 (13) a statement concerning the circumstances and extent to which the cooperative must  
64.23 repair, maintain, and replace property owned by the cooperative and the circumstances, if  
64.24 any, under which the cooperative may hold the member responsible for repairing,  
64.25 maintaining, or replacing property owned by the cooperative;

64.26 (14) a statement defining events of default under the occupancy agreement, the effects  
64.27 of default, and the remedies available to the cooperative;

64.28 (15) a statement through which the member covenants that the member and the member's  
64.29 guests and subtenants, if any, must preserve and promote the cooperative ownership principles  
64.30 of the cooperative and abide by the cooperative's articles, bylaws, and rules, policies and  
64.31 regulations;



65.1 (16) a statement that representatives of any mortgagee holding a mortgage on the property  
65.2 of the cooperative, the officers and employees of the cooperative, and, with the approval  
65.3 of the cooperative, the employees of any contractor, utility company, municipal agency, or  
65.4 others, has the right to enter the member's dwelling unit and make inspections at any  
65.5 reasonable hour of the day with reasonable notice and at any time in the event of emergency;  
65.6 and

65.7 (17) a statement that the cooperative will not discriminate against any person because  
65.8 of race, color, religion, sex, handicap, or national origin.

65.9 **Sec. 56. [308C.613] BUDGET AND REPLACEMENT RESERVE REQUIREMENTS.**

65.10 Subdivision 1. Requirements. The annual budget of a senior housing cooperative formed  
65.11 under this chapter shall include, without limitation:

65.12 (1) the amount included in the budget as a reserve for replacement;

65.13 (2) the amount included in the budget for the general operating reserve;

65.14 (3) the amount included in the budget for any other reserves;

65.15 (4) the projected common expense for each category of expenditures for the cooperative;

65.16 and

65.17 (5) the projected monthly common expense assessment for each type of dwelling unit.

65.18 Subd. 2. Replacement reserves. The cooperative shall include in its annual budgets  
65.19 replacement reserves projected by the board to be adequate, together with past and future  
65.20 contributions thereto to fund the replacement of those components of the cooperative that  
65.21 the cooperative is obligated to replace by reason of ordinary wear and tear or obsolescence,  
65.22 subject to the following:

65.23 (1) the annual budgets need not include reserves for replacement of components that  
65.24 have a remaining useful life of more than 30 years, unless required otherwise by the lender  
65.25 or mortgage insurer relative to the cooperative's master mortgage;

65.26 (2) the cooperative shall keep the replacement reserves in an account or accounts separate  
65.27 from the cooperative's operating funds, and shall not use or borrow from the replacement  
65.28 reserves to fund the cooperative's operating expenses, except that this restriction shall not  
65.29 affect the cooperative's authority to pledge the replacement reserves as security for a loan  
65.30 to the cooperative; and

65.31 (3) the cooperative shall reevaluate the adequacy of the cooperative's budgeted  
65.32 replacement reserves at least every third year after the filing of the cooperative's articles.

66.1 **Sec. 57. [308C.614] LIEN FOR ASSESSMENTS.**

66.2 (a) A senior housing cooperative formed under this chapter has a lien on a membership  
66.3 interest, the appurtenant occupancy agreement, and the member's associated occupancy  
66.4 rights for any assessment levied against that membership interest from the time the  
66.5 assessment becomes due. If an assessment is payable in installments, the full amount of the  
66.6 assessment is a lien from the time the first installment thereof becomes due. Unless the  
66.7 bylaws provide otherwise, any fees, charges, or payments that members must regularly pay  
66.8 to the cooperative are enforceable as assessments under this section. Other cooperatives  
66.9 formed under this chapter may authorize a lien on a membership interest, occupancy  
66.10 agreement, or a proprietary lease in the bylaws.

66.11 (b) A lien under this section is prior to all other liens and encumbrances on a membership  
66.12 certificate except (i) liens, encumbrances, or mortgages which the cooperative creates,  
66.13 assumes, or takes subject to, or (ii) any first security interest encumbering only the  
66.14 membership interest. If a first security interest encumbering a membership interest which  
66.15 is personal property is foreclosed, the secured party or the purchaser at the sale shall take  
66.16 title to the membership interest subject to unpaid assessments. This paragraph shall not  
66.17 affect the priority of mechanics' liens encumbering the project.

66.18 (c) Proceedings to enforce an assessment lien shall be instituted within three years after  
66.19 the last installment of the assessment becomes payable, or shall be barred.

66.20 (d) The member and owner of the membership interest, at the time an assessment is due,  
66.21 shall be personally liable to the cooperative for payment of the assessment levied against  
66.22 the membership interest. If there are multiple owners of the membership interest, they shall  
66.23 be jointly and severally liable.

66.24 (e) This section does not prohibit actions to recover sums for which paragraph (a) creates  
66.25 a lien nor prohibit a cooperative from taking an assignment of the membership certificate  
66.26 and occupancy agreement or other conveyance documents agreed upon by the parties in  
66.27 lieu of foreclosure.

66.28 (f) The cooperative shall furnish to a member or the member's authorized agent upon  
66.29 written request of the member or the authorized agent a statement setting forth the amount  
66.30 of unpaid assessments currently levied against the member's interest. The statement shall  
66.31 be furnished within ten business days after receipt of the request and is binding on the  
66.32 cooperative and every member.

67.1 Sec. 58. [308C.615] FORECLOSURE OF LIENS OR TO ACQUIRE OCCUPANCY  
 67.2 RIGHTS FOLLOWING MEMBERSHIP TERMINATION IN A SENIOR HOUSING  
 67.3 COOPERATIVE.

67.4 (a) A cooperative's lien shall be foreclosed by a private sale negotiated by the cooperative,  
 67.5 or by an acceptance by the cooperative of the subject membership interest in full satisfaction  
 67.6 of the secured indebtedness pursuant to the following:

67.7 (1) a notice of the sale or acceptance shall be served on the member 90 days prior to the  
 67.8 sale or acceptance;

67.9 (2) the cooperative shall be entitled to its reasonable costs and attorney fees not exceeding  
 67.10 the amount provided by section 582.01, subdivision 1a;

67.11 (3) the amount of the cooperative's lien shall be deemed to be adequate consideration  
 67.12 for the membership interest subject to sale or acceptance, notwithstanding the value of the  
 67.13 membership interest; and

67.14 (4) the notice of sale or acceptance shall contain the following statement in capital letters  
 67.15 with the name of the cooperative or secured party filled in:

67.16 "THIS IS TO INFORM YOU THAT BY THIS NOTICE (fill in name of cooperative  
 67.17 or secured party) HAS BEGUN PROCEEDINGS UNDER MINNESOTA STATUTES,  
 67.18 CHAPTER 308C, TO FORECLOSE ON YOUR MEMBERSHIP INTEREST FOR THE  
 67.19 REASON SPECIFIED IN THIS NOTICE. YOUR MEMBERSHIP INTEREST AND  
 67.20 YOUR RIGHT TO OCCUPY THE DWELLING UNIT APPURTENANT THERETO  
 67.21 WILL TERMINATE 90 DAYS AFTER SERVICE OF THIS NOTICE ON YOU UNLESS  
 67.22 BEFORE THEN:

67.23 (a) THE PERSON AUTHORIZED BY (fill in the name of cooperative or secured party)  
 67.24 AND DESCRIBED IN THIS NOTICE TO RECEIVE PAYMENTS RECEIVES FROM  
 67.25 YOU:

67.26 (1) THE AMOUNT THIS NOTICE SAYS YOU OWE; PLUS

67.27 (2) THE COSTS INCURRED TO SERVE THIS NOTICE ON YOU; PLUS

67.28 (3) \$500 TO APPLY TO ATTORNEY FEES ACTUALLY EXPENDED OR  
 67.29 INCURRED; PLUS

67.30 (4) ANY ADDITIONAL AMOUNTS FOR YOUR MEMBERSHIP INTEREST  
 67.31 BECOMING DUE TO (fill in name of cooperative or secured party) AFTER THE DATE  
 67.32 OF THIS NOTICE; OR

68.1 (b) YOU SECURE FROM A DISTRICT COURT AN ORDER THAT THE  
 68.2 FORECLOSURE OF YOUR RIGHTS TO YOUR MEMBERSHIP INTEREST AND  
 68.3 YOUR RIGHT TO OCCUPY THE DWELLING UNIT APPURTENANT THERETO BE  
 68.4 SUSPENDED UNTIL YOUR CLAIMS OR DEFENSES ARE FINALLY DISPOSED OF  
 68.5 BY TRIAL, HEARING, OR SETTLEMENT. YOUR ACTION MUST SPECIFICALLY  
 68.6 STATE THOSE FACTS AND GROUNDS THAT DEMONSTRATE YOUR CLAIMS  
 68.7 OR DEFENSES. IF YOU DO NOT TAKE ACTION AS PRESCRIBED IN PARAGRAPH  
 68.8 (A) OF THIS NOTICE WITHIN THE TIME PERIOD SPECIFIED IN THIS NOTICE,  
 68.9 YOUR OWNERSHIP RIGHTS IN YOUR MEMBERSHIP INTEREST AND YOUR  
 68.10 RIGHT TO OCCUPY THE DWELLING UNIT APPURTENANT THERETO WILL  
 68.11 TERMINATE AT THE END OF THE PERIOD, YOU WILL LOSE ALL THE MONEY  
 68.12 YOU HAVE PAID FOR YOUR MEMBERSHIP INTEREST, YOU WILL LOSE YOUR  
 68.13 RIGHT TO POSSESSION AND OCCUPANCY OF YOUR DWELLING UNIT, YOU  
 68.14 MAY LOSE YOUR RIGHT TO ASSERT ANY CLAIMS OR DEFENSES THAT YOU  
 68.15 MIGHT HAVE, AND YOU WILL BE EVICTED. IF YOU HAVE ANY QUESTIONS  
 68.16 ABOUT THIS NOTICE, CONTACT AN ATTORNEY IMMEDIATELY."

68.17 (b) If the member or occupant fails to redeem before the expiration of 90 days following  
 68.18 delivery of the notice to the member, the cooperative may bring an action for eviction against  
 68.19 the member and any persons occupying the dwelling unit, and in that case section 504B.291  
 68.20 shall not apply.

68.21 (c) A cooperative may assign its lien rights in the same manner as any other secured  
 68.22 party.

68.23 **Sec. 59. [308C.616] CERTIFICATED MEMBERSHIP INTERESTS.**

68.24 Subdivision 1. **Certificated; uncertificated.** The membership interests of a cooperative  
 68.25 shall be either certificated or uncertificated. Each holder of certificated membership interests  
 68.26 issued is entitled to a certificate of membership interest.

68.27 Subd. 2. **Signature required.** Certificates shall be signed by an agent or officer authorized  
 68.28 in the articles or bylaws to sign share certificates or, in the absence of an authorization, by  
 68.29 the chair or records officer of the cooperative.

68.30 Subd. 3. **Signature valid.** If a person signs or has a facsimile signature placed upon a  
 68.31 certificate while the chair, an officer, transfer agent, or records officer of a cooperative, the  
 68.32 certificate may be issued by the cooperative, even if the person has ceased to have that  
 68.33 capacity before the certificate is issued, with the same effect as if the person had that capacity  
 68.34 at the date of its issue.

69.1 Subd. 4. **Form of certificate.** A certificate representing membership interests of a  
69.2 cooperative shall contain on its face:

69.3 (1) the name of the cooperative;

69.4 (2) a statement that the cooperative is organized under the laws of this state and this  
69.5 chapter;

69.6 (3) the name of the person to whom the certificate is issued;

69.7 (4) the number and class of membership interests, and the designation of the series, if  
69.8 any, that the certificate represents;

69.9 (5) a statement that the membership interests in the cooperative are subject to the articles  
69.10 and bylaws of the cooperative; and

69.11 (6) any restrictions on transfer, including approval of the board, if applicable, first rights  
69.12 of purchase by the cooperative, and other restrictions on transfer, which may be stated by  
69.13 reference to the back of the certificate or to another document.

69.14 Subd. 5. **Limitations set forth.** A certificate representing membership interest issued  
69.15 by a cooperative authorized to issue membership interests of more than one class or series  
69.16 shall set forth upon the face or back of the certificate, or shall state that the cooperative will  
69.17 furnish to any member upon request and without charge, a full statement of the designations,  
69.18 preferences, limitations, and relative rights of the membership interests of each class or  
69.19 series authorized to be issued, so far as they have been determined, and the authority of the  
69.20 board to determine the relative rights and preferences of subsequent classes or series.

69.21 Subd. 6. **Prima facie evidence.** A certificate signed as provided in subdivision 2 is prima  
69.22 facie evidence of the ownership of the membership interests referred to in the certificate.

69.23 Subd. 7. **Uncertificated membership interests.** Unless uncertificated membership  
69.24 interests are prohibited by the articles or bylaws, a resolution approved by the affirmative  
69.25 vote of a majority of the directors present may provide that some or all of any or all classes  
69.26 and series of its membership interests will be uncertificated membership interests. The  
69.27 resolution does not apply to membership interests represented by a certificate until the  
69.28 certificate is surrendered to the cooperative. Within a reasonable time after the issuance or  
69.29 transfer of uncertificated membership interests, the cooperative shall send to the new member  
69.30 the information required by this section to be stated on certificates. This information is not  
69.31 required to be sent to the new holder by a publicly held cooperative that has adopted a  
69.32 system of issuance, recordation, and transfer of its membership interests by electronic or  
69.33 other means not involving an issuance of certificates if the system complies with section

70.1 17A of the Securities Exchange Act of 1934. Except as otherwise expressly provided by  
 70.2 statute, the rights and obligations of the holders of certificated and uncertificated membership  
 70.3 interests of the same class and series are identical.

70.4 **Sec. 60. [308C.621] LOST CERTIFICATES; REPLACEMENT.**

70.5 Subdivision 1. **Issuance.** A new membership interest certificate may be issued under  
 70.6 section 336.8-405 in place of one that is alleged to have been lost, stolen, or destroyed.

70.7 Subd. 2. **Not overissue.** The issuance of a new certificate under this section does not  
 70.8 constitute an overissue of the membership interests it represents.

70.9 **Sec. 61. [308C.625] RESTRICTION ON TRANSFER OR REGISTRATION OF**  
 70.10 **MEMBERSHIP INTERESTS.**

70.11 Subdivision 1. **How imposed.** A restriction on the transfer or registration of transfer of  
 70.12 membership interests of a cooperative may be imposed in the articles, in the bylaws, by a  
 70.13 resolution adopted by the members, or by an agreement among or other written action by  
 70.14 a number of members or holders of other membership interests or among them and the  
 70.15 cooperative. A restriction is not binding with respect to membership interests issued prior  
 70.16 to the adoption of the restriction, unless the holders of those membership interests are parties  
 70.17 to the agreement or voted in favor of the restriction.

70.18 Subd. 2. **Restrictions permitted.** A written restriction on the transfer or registration of  
 70.19 transfer of membership interests of a cooperative that is not manifestly unreasonable under  
 70.20 the circumstances may be enforced against the holder of the restricted membership interests  
 70.21 or a successor or transferee of the holder, including a pledgee or a legal representative, if  
 70.22 the restriction is either:

70.23 (1) noted conspicuously on the face or back of the certificate;

70.24 (2) included in this chapter or the articles or bylaws; or

70.25 (3) included in information sent to the holders of uncertificated membership interests.

70.26 Unless a restriction is in this chapter, the articles, bylaws, noted conspicuously on the  
 70.27 face or back of the certificate, or included in information sent to the holders of uncertificated  
 70.28 membership interests, a restriction, even though permitted by this section, is ineffective  
 70.29 against a person without knowledge of the restriction. A restriction under this section is  
 70.30 deemed to be noted conspicuously and is effective if the existence of the restriction is stated  
 70.31 on the certificate and reference is made to a separate document creating or describing the  
 70.32 restriction.

71.1 **Sec. 62. [308C.627] OPERATING AGREEMENT.**

71.2 Subdivision 1. **Authorization.** A written agreement among persons who are then  
 71.3 members, including a sole member, or who have signed subscription or contribution  
 71.4 agreements, relating to the control of any phase of the business and affairs of the cooperative,  
 71.5 its liquidation, dissolution and termination, or the relations among members or persons who  
 71.6 have signed subscription or contribution agreements is valid as provided in subdivision 2.  
 71.7 Wherever this chapter provides that a particular result may or must be obtained through a  
 71.8 provision in the articles or bylaws, the same result can be accomplished through an operating  
 71.9 agreement valid under this section or through a procedure established by an operating  
 71.10 agreement valid under this section.

71.11 Subd. 2. **Valid execution.** Other than occupant member voting control under section  
 71.12 308C.545 and occupant member allocation and distribution provisions under sections  
 71.13 308C.721 and 308C.725, a written agreement among persons described in subdivision 1  
 71.14 that relates to the control of or the liquidation, dissolution, and termination of the cooperative;  
 71.15 the relations among them; or any phase of the business and affairs of the cooperative,  
 71.16 including, without limitation, the management of its business; the declaration and payment  
 71.17 of distributions; the sharing of profits and losses; the election of directors; the employment  
 71.18 of members by the cooperative; or the arbitration of disputes, is valid, if the agreement is  
 71.19 signed by all persons who are then the members of the cooperative, whether or not the  
 71.20 members all have voting power, and all those who have signed contribution agreements,  
 71.21 regardless of whether those signatories will, when members, have voting power.

71.22 Subd. 3. **Other agreements not affected.** This section does not apply to, limit, or restrict  
 71.23 agreements otherwise valid, nor is the procedure set forth in this section the exclusive method  
 71.24 of agreement among members or between the members and the cooperative with respect to  
 71.25 any of the matters described.

71.26 **Sec. 63. [308C.701] AUTHORIZATION, FORM, AND ACCEPTANCE OF**  
 71.27 **CONTRIBUTIONS.**

71.28 Subdivision 1. **Board of directors may authorize.** Subject to any restrictions in this  
 71.29 chapter regarding occupant and nonoccupant membership interests or in the articles or  
 71.30 bylaws, and only when authorized by the board, a cooperative may accept contributions,  
 71.31 which may be occupant or nonoccupant membership contributions as determined by the  
 71.32 board under subdivisions 2 and 3, make contribution agreements under section 308C.711,  
 71.33 and make contribution allowance agreements under section 308C.715.

71.34 Subd. 2. **Permissible forms.** A person may make a contribution to a cooperative:

72.1 (1) by paying money or transferring the ownership of an interest in property to the  
 72.2 cooperative or rendering services to or for the benefit of the cooperative; or

72.3 (2) through a written obligation signed by the person to pay money or transfer ownership  
 72.4 of an interest in property to the cooperative or to perform services to or for the benefit of  
 72.5 the cooperative.

72.6 Subd. 3. **Acceptance of contributions.** No purported contribution is to be treated or  
 72.7 considered as a contribution, unless:

72.8 (1) the board accepts the contribution on behalf of the cooperative and in that acceptance  
 72.9 describes the contribution, including terms of future performance, if any, and states the  
 72.10 value being accorded to the contribution; and

72.11 (2) the fact of contribution and the contribution's accorded value are both reflected in  
 72.12 the required records of the cooperative.

72.13 Subd. 4. **Valuation.** The determinations of the board as to the amount or fair value or  
 72.14 the fairness to the cooperative of the contribution accepted or to be accepted by the  
 72.15 cooperative or the terms of payment or performance, including under a contribution  
 72.16 agreement in section 308C.711, and a contribution allowance agreement in section 308C.715,  
 72.17 are presumed to be proper if they are made in good faith and on the basis of accounting  
 72.18 methods, or a fair valuation or other method, reasonable in the circumstances. Directors  
 72.19 who are present and entitled to vote, and who, intentionally or without reasonable  
 72.20 investigation, fail to vote against approving a consideration that is unfair to the cooperative,  
 72.21 or overvalue property or services received or to be received by the cooperative as a  
 72.22 contribution, are jointly and severally liable to the cooperative for the benefit of the then  
 72.23 members who did not consent to and are damaged by the action, to the extent of the damages  
 72.24 of those members. A director against whom a claim is asserted under this subdivision, except  
 72.25 in case of knowing participation in a deliberate fraud, is entitled to contribution on an  
 72.26 equitable basis from other directors who are liable under this subdivision.

72.27 Sec. 64. **[308C.705] RESTATEMENT OF VALUE OF PREVIOUS**  
 72.28 **CONTRIBUTIONS.**

72.29 Subdivision 1. **Definition.** As used in this section, an "old contribution" is a contribution  
 72.30 reflected in the required records of a cooperative before the time the cooperative accepts a  
 72.31 new contribution.

72.32 Subd. 2. **Restatement required.** Whenever a cooperative accepts a new contribution,  
 72.33 the board shall restate, as required by this section, the value of all old contributions.



73.1 Subd. 3. Restatement as to particular series or class to which new contribution  
73.2 pertains. (a) Unless otherwise provided in the articles or bylaws, this subdivision sets forth  
73.3 the method of restating the value of old contributions that pertain to the same series or class  
73.4 to which the new contribution pertains. To restate the value:

73.5 (1) state the value the cooperative has accorded to the new contribution under section  
73.6 308C.701, subdivision 3, clause (1);

73.7 (2) determine what percentage the value stated under clause (1) will constitute, after the  
73.8 restatement required by this subdivision, of the total value of all contributions that pertain  
73.9 to the particular series or class to which the new contribution pertains;

73.10 (3) divide the value stated under clause (1) by the percentage determined under clause  
73.11 (2), yielding the total value, after the restatement required by this subdivision, of all  
73.12 contributions pertaining to the particular series or class;

73.13 (4) subtract the value stated under clause (1) from the value determined under clause  
73.14 (3), yielding the total value, after the restatement required by this subdivision, of all the old  
73.15 contributions pertaining to the particular series or class;

73.16 (5) subtract the value, as reflected in the required records before the restatement required  
73.17 by this subdivision, of the old contributions from the value determined under clause (4),  
73.18 yielding the value to be allocated among and added to the old contributions pertaining to  
73.19 the particular series or class; and

73.20 (6) allocate the value determined under clause (5) proportionally among the old  
73.21 contributions pertaining to the particular series or class, add the allocated values to those  
73.22 old contributions, and change the required records accordingly.

73.23 (b) The values determined under paragraph (a), clause (5), and allocated and added under  
73.24 paragraph (a), clause (6), may be positive, negative, or zero.

73.25 Subd. 4. Restatement method for other series or class. Unless otherwise provided in  
73.26 the articles or bylaws, this subdivision sets forth the method of restating the value of old  
73.27 contributions that do not pertain to the same series or class to which the new contribution  
73.28 pertains. To restate the value:

73.29 (1) determine the percentage by which the restatement under subdivision 3 has changed  
73.30 the total contribution value reflected in the required records for the series or class to which  
73.31 the new contribution pertains; and

73.32 (2) as to each old contribution that does not pertain to the same series or class to which  
73.33 the new contribution pertains, change the value reflected in the required records by the

74.1 percentage determined under clause (1). The percentage determined under clause (1) may  
74.2 be positive, negative, or zero.

74.3 Subd. 5. **New contributions may be aggregated.** If a cooperative accepts more than  
74.4 one contribution pertaining to the same series or class at the same time, then for the purpose  
74.5 of the restatement required by this section, the cooperative may consider all the new  
74.6 contributions a single contribution.

74.7 Sec. 65. **[308C.711] CONTRIBUTION AGREEMENTS.**

74.8 Subdivision 1. **Signed writing.** A contribution agreement, whether made before or after  
74.9 the formation of the cooperative, is not enforceable against the would-be contributor unless  
74.10 it is in writing and signed by the would-be contributor.

74.11 Subd. 2. **Irrevocable period.** Unless otherwise provided in the contribution agreement,  
74.12 or unless all of the would-be contributors and, if in existence, the cooperative, consent to a  
74.13 shorter or longer period, a contribution agreement is irrevocable for a period of six months.

74.14 Subd. 3. **Current and deferred payment.** A contribution agreement, whether made  
74.15 before or after the formation of a cooperative, must be paid or performed in full at the time  
74.16 or times, or in the installments, if any, specified in the contribution agreement. In the absence  
74.17 of a provision in the contribution agreement specifying the time at which the contribution  
74.18 is to be paid or performed, the contribution must be paid or performed at the time or times  
74.19 determined by the board, but a call made by the board for payment or performance on  
74.20 contributions must be uniform for all membership interests of the same class or for all  
74.21 membership interests of the same series.

74.22 Subd. 4. **Failure to pay remedies.** (a) Unless otherwise provided in the contribution  
74.23 agreement, in the event of default in the payment or performance of an installment or call  
74.24 when due, the cooperative may proceed to collect the amount due in the same manner as a  
74.25 debt due the cooperative. If a would-be contributor does not make a required contribution  
74.26 of property or services, the cooperative shall require the would-be contributor to contribute  
74.27 cash equal to that portion of the value, as stated in the cooperative required records, of the  
74.28 contribution that has not been made.

74.29 (b) If the amount due under a contribution agreement remains unpaid for a period of 20  
74.30 days after written notice of demand for payment has been given to the delinquent would-be  
74.31 contributor, the membership interests that were subject to the contribution agreement may  
74.32 be offered for sale by the cooperative for a price in money equaling or exceeding the sum

75.1 of the full balance owed by the delinquent would-be contributor plus the expenses incidental  
75.2 to the sale.

75.3 If the membership interests that were subject to the contribution agreement are sold  
75.4 according to this paragraph, the cooperative shall pay to the delinquent would-be contributor  
75.5 or to the delinquent would-be contributor's legal representative the lesser of:

75.6 (1) the excess of net proceeds realized by the cooperative over the sum of the amount  
75.7 owed by the delinquent would-be contributor plus the expenses incidental to the sale, less  
75.8 any penalty stated in the contribution agreement, which may include forfeiture of the partial  
75.9 contribution; and

75.10 (2) the amount actually paid by the delinquent would-be contributor.

75.11 If the membership interests that were subject to the contribution agreement are not sold  
75.12 according to this paragraph, the cooperative may collect the amount due in the same manner  
75.13 as a debt due the cooperative or cancel the contribution agreement according to paragraph  
75.14 (c).

75.15 (c) If the amount due under a contribution agreement remains unpaid for a period of 20  
75.16 days after written notice of demand for payment has been given to the delinquent would-be  
75.17 contributor and the membership interests that were subject to the defaulted contribution  
75.18 agreement have not been sold according to paragraph (b), the cooperative may cancel the  
75.19 contribution agreement, the cooperative may retain any portion of the contribution agreement  
75.20 price actually paid as provided in the contribution agreement, and the cooperative shall  
75.21 refund to the delinquent would-be contributor or the delinquent would-be contributor's legal  
75.22 representatives any portion of the contribution agreement price as provided in the contribution  
75.23 agreement.

75.24 Subd. 5. **Restrictions on assignment.** Unless otherwise provided in the articles or  
75.25 bylaws, a would-be contributor's rights under a contribution agreement may not be assigned,  
75.26 in whole or in part, to a person who was not a member at the time of the assignment, unless  
75.27 all the members approve the assignment by unanimous written consent.

75.28 Sec. 66. **[308C.715] CONTRIBUTION RIGHTS AGREEMENTS.**

75.29 Subdivision 1. **Agreements permitted.** Subject to any restrictions in the articles or  
75.30 bylaws, a cooperative may enter into contribution rights agreements under the terms,  
75.31 provisions, and conditions fixed by the board.

76.1 Subd. 2. **Writing required and terms to be stated.** Any contribution rights agreement  
76.2 must be in writing and the writing must state in full, summarize, or include by reference all  
76.3 the agreement's terms, provisions, and conditions of the rights to make contributions.

76.4 Subd. 3. **Restrictions on assignment.** Unless otherwise provided in the articles or  
76.5 bylaws, a would-be contributor's rights under a contribution rights agreement may not be  
76.6 assigned, in whole or in part, to a person who was not a member at the time of the assignment,  
76.7 unless all the members approve the assignment by unanimous written consent.

76.8 **Sec. 67. [308C.721] ALLOCATIONS AND DISTRIBUTIONS TO MEMBERS.**

76.9 Subdivision 1. **Allocation of profits and losses.** If applicable to the specific type of  
76.10 housing cooperative formed under this chapter, the bylaws or operating agreement shall  
76.11 prescribe the allocation of profits and losses between occupant membership interests  
76.12 collectively and any other membership interests. If the bylaws or operating agreement do  
76.13 not otherwise provide, the profits and losses between occupant membership interests  
76.14 collectively and other membership interests shall be allocated on the basis of the value of  
76.15 contributions to capital made by the occupant membership interests collectively and other  
76.16 membership interests and accepted by the cooperative. The allocation of profits to the  
76.17 occupant membership interests collectively shall not be less than 50 percent of the total  
76.18 profits in any fiscal year, except that if authorized in the original articles as filed or in articles  
76.19 or bylaws that are adopted by an affirmative vote of the occupant members or the articles  
76.20 or bylaws are amended by the affirmative vote of the occupant members, the allocation of  
76.21 profits to the occupant membership interests collectively may not be less than 15 percent  
76.22 of the total profits in any fiscal year.

76.23 Subd. 2. **Distribution of cash or other assets.** The bylaws or operating agreement shall  
76.24 prescribe the distribution of cash or other assets of the cooperative among the membership  
76.25 interests of the cooperative. If not otherwise provided in the bylaws, distribution shall be  
76.26 made to the occupant membership interests collectively and other members on the basis of  
76.27 the value of contributions to capital made and accepted by the cooperative, by the occupant  
76.28 membership interests collectively, and other membership interests. The distributions to  
76.29 occupant membership interests collectively shall not be less than 50 percent of the total  
76.30 distributions in any fiscal year, except that if authorized in the articles or bylaws adopted  
76.31 by the affirmative vote of the occupant members, or the articles or bylaws are amended by  
76.32 the affirmative vote of the occupant members, the distributions to patron membership  
76.33 interests collectively shall not be less than 15 percent of the total distributions in any year.

77.1 Sec. 68. **[308C.725] ALLOCATIONS AND DISTRIBUTIONS TO OCCUPANT**  
77.2 **MEMBERS.**

77.3 Subdivision 1. **Distribution of net income.** A cooperative may set aside a portion of  
77.4 net income allocated to the occupant membership interests as the board determines advisable  
77.5 to create or maintain a capital reserve.

77.6 Subd. 2. **Reserves.** In addition to a capital reserve, the board may, for occupant  
77.7 membership interests:

77.8 (1) set aside an amount not to exceed five percent of the annual net income of the  
77.9 cooperative for promoting and encouraging cooperative organization; and

77.10 (2) establish and accumulate reserves for common area items, buildings, depreciation,  
77.11 losses, and other proper purposes.

77.12 Subd. 3. **Occupant distributions.** Any net income allocated to occupant members in  
77.13 excess of dividends on equity and additions to reserves shall be distributed to occupant  
77.14 members on the basis of patronage of cooperative. A cooperative may establish allocation  
77.15 units, whether the units are functional, divisional, departmental, or otherwise and pooling  
77.16 arrangements and may account for and distribute net income to occupants on the basis of  
77.17 allocation units and pooling arrangements. A cooperative may offset the net loss of an  
77.18 allocation unit or pooling arrangement against the net income of other allocation units or  
77.19 pooling arrangements.

77.20 Subd. 4. **Frequency of distribution.** Distribution of net income may be made at least  
77.21 annually. The board shall present to the members at their annual meeting a report covering  
77.22 the operations of the cooperative during the preceding fiscal year.

77.23 Subd. 5. **Form of distribution.** A cooperative may distribute net income to occupant  
77.24 members in cash, capital credits, allocated patronage equities, revolving fund certificates,  
77.25 or its own or other securities.

77.26 Sec. 69. **[308C.735] DISTRIBUTION OF UNCLAIMED PROPERTY.**

77.27 Subdivision 1. **Alternate procedure to disburse property.** A cooperative may, in lieu  
77.28 of paying or delivering to the state the unclaimed property specified in its report of unclaimed  
77.29 property, distribute the unclaimed property to a business entity or organization that is exempt  
77.30 from taxation.

77.31 Subd. 2. **Owner's right extinguished on disbursement.** The right of an owner to  
77.32 unclaimed property held by a cooperative is extinguished when the property is disbursed

78.1 by the cooperative to a tax exempt organization if: (1) notice that the payment is available  
78.2 has been mailed to the last known address of the person shown by the records to be entitled  
78.3 to the property; or (2) the address is unknown, notice is published in an official publication  
78.4 of the cooperative.

78.5 Sec. 70. **[308C.801] MERGER AND CONSOLIDATION.**

78.6 Subdivision 1. **Authorization.** Unless otherwise prohibited, cooperatives organized  
78.7 under the laws of this state, including cooperatives organized under this chapter or chapter  
78.8 308A or 308B, may merge or consolidate with each other, a Minnesota limited liability  
78.9 company under the provisions of sections 322C.1001 to 322C.1015, or other business entities  
78.10 organized under the laws of another state by complying with the provisions of this section  
78.11 and the law of the state where the surviving or new business entity will exist. A cooperative  
78.12 may not merge or consolidate with a business entity organized under the laws of this state,  
78.13 other than a cooperative organized under chapter 308A or 308B, unless the law governing  
78.14 the business entity expressly authorizes merger or consolidation with a cooperative.

78.15 Subd. 2. **Plan.** To initiate a merger or consolidation of a cooperative, a written plan of  
78.16 merger or consolidation shall be prepared by the board or by a committee selected by the  
78.17 board to prepare a plan. The plan shall state:

78.18 (1) the names of the constituent domestic cooperatives, the name of any Minnesota  
78.19 limited liability company that is a party to the merger, to the extent authorized under sections  
78.20 322C.1001 to 322C.1005 and 322C.1015, and any foreign business entities;

78.21 (2) the name of the surviving or new domestic cooperative, Minnesota limited liability  
78.22 company as required by section 322C.1002, or other foreign business entity;

78.23 (3) the manner and basis of converting membership or ownership interests of the  
78.24 constituent domestic cooperatives, the surviving Minnesota limited liability company as  
78.25 provided in section 322C.1002, or foreign business entities into membership or ownership  
78.26 interests in the surviving or new domestic cooperative, the surviving Minnesota limited  
78.27 liability company as authorized in section 322C.1002, or foreign business entity;

78.28 (4) the terms of the merger or consolidation;

78.29 (5) the proposed effect of the consolidation or merger on the members and patron  
78.30 members of each constituent domestic cooperative; and

78.31 (6) for a consolidation, the plan shall contain the articles of the entity or organizational  
78.32 documents to be filed with the state in which the entity is organized or, if the surviving  
78.33 organization is a Minnesota limited liability company, the articles of organization.

79.1 Subd. 3. **Notice.** The following shall apply to notice:

79.2 (1) the board shall mail or otherwise transmit or deliver notice of the merger or  
79.3 consolidation to each member. The notice shall contain the full text of the plan, and the  
79.4 time and place of the meeting at which the plan will be considered; and

79.5 (2) a cooperative with more than 200 members may provide the notice in the same  
79.6 manner as a regular members' meeting notice.

79.7 Subd. 4. **Adoption of plan.** (a) A plan of merger or consolidation shall be adopted by  
79.8 a domestic cooperative as provided in this subdivision.

79.9 (b) A plan of merger or consolidation is adopted if:

79.10 (1) a quorum of the members eligible to vote is registered as being present or represented  
79.11 by mail vote or alternative ballot at the meeting; and

79.12 (2) the plan is approved by the occupant members, or if otherwise provided in the articles  
79.13 or bylaws is approved by a majority of the votes cast in each class of votes cast, or for a  
79.14 domestic cooperative with articles or bylaws requiring more than a majority of the votes  
79.15 cast or other conditions for approval, the plan is approved by a proportion of the votes cast  
79.16 or a number of total members as required by the articles or bylaws and the conditions for  
79.17 approval in the articles or bylaws have been satisfied.

79.18 (c) After the plan has been adopted, articles of merger or consolidation stating the plan  
79.19 and that the plan was adopted according to this subdivision shall be signed by the chair,  
79.20 vice chair, records officer, or documents officer of each cooperative merging or consolidating.

79.21 (d) The articles of merger or consolidation shall be filed in the Office of the Secretary  
79.22 of State.

79.23 (e) For a merger, the articles of the surviving domestic cooperative subject to this chapter  
79.24 are deemed amended to the extent provided in the articles of merger.

79.25 (f) Unless a later date is provided in the plan, the merger or consolidation is effective  
79.26 when the articles of merger or consolidation are filed in the office of the secretary of state  
79.27 or the appropriate office of another jurisdiction.

79.28 (g) The secretary of state shall issue a certificate of organization of the merged or  
79.29 consolidated cooperative.

79.30 Subd. 5. **Effect of merger.** For a merger that does not involve a Minnesota limited  
79.31 liability company, the following shall apply to the effect of a merger:

80.1 (a) After the effective date, the domestic cooperative, Minnesota limited liability  
 80.2 company, if party to the plan, and any foreign business entity that is a party to the plan  
 80.3 become a single entity. For a merger, the surviving business entity is the business entity  
 80.4 designated in the plan. For a consolidation, the new domestic cooperative, the Minnesota  
 80.5 limited liability company, if any, and any foreign business entity is the business entity  
 80.6 provided for in the plan. Except for the surviving or new domestic cooperative, Minnesota  
 80.7 limited liability company, or foreign business entity, the separate existence of each merged  
 80.8 or consolidated domestic or foreign business entity that is a party to the plan ceases on the  
 80.9 effective date of the merger or consolidation.

80.10 (b) The surviving or new domestic cooperative, Minnesota limited liability company,  
 80.11 or foreign business entity possesses all of the rights and property of each of the merged or  
 80.12 consolidated business entities and is responsible for all their obligations. The title to property  
 80.13 of the merged or consolidated domestic cooperative or foreign business entity is vested in  
 80.14 the surviving or new domestic cooperative, Minnesota limited liability company, or foreign  
 80.15 business entity without reversion or impairment of the title caused by the merger or  
 80.16 consolidation.

80.17 (c) If a merger involves a Minnesota limited liability company, this subdivision is subject  
 80.18 to the provisions of section 322C.1002.

80.19 **Sec. 71. [308C.805] MERGER OF SUBSIDIARY.**

80.20 Subdivision 1. **When authorized; contents of plan.** (a) For purposes of this section,  
 80.21 "subsidiary" means a domestic cooperative, a Minnesota limited liability company, or a  
 80.22 foreign cooperative, and "cooperative" means a domestic cooperative. A Minnesota limited  
 80.23 liability company may only participate in a merger under this section to the extent authorized  
 80.24 under section 322C.1002. A parent domestic cooperative or a subsidiary that is a domestic  
 80.25 cooperative may complete the merger of a subsidiary as provided in this section, provided  
 80.26 however, if either the parent or the subsidiary is a business entity organized under the laws  
 80.27 of this state, the merger of the subsidiary is not authorized under this section unless the law  
 80.28 governing the business entity expressly authorizes merger with a cooperative. A parent  
 80.29 cooperative owning at least 90 percent of the outstanding ownership interests of each class  
 80.30 and series of a subsidiary directly, or indirectly through related organizations, other than  
 80.31 classes or series that, absent this section, would otherwise not be entitled to vote on the  
 80.32 merger, may merge the subsidiary into itself or into any other subsidiary at least 90 percent  
 80.33 of the outstanding ownership interests of each class and series of which is owned by the  
 80.34 parent cooperative directly, or indirectly through related organizations, other than classes



81.1 or series that, absent this section, would otherwise not be entitled to vote on the merger,  
 81.2 without a vote of the members of itself or any subsidiary or may merge itself, or itself and  
 81.3 one or more of the subsidiaries, into one of the subsidiaries under this section. A resolution  
 81.4 approved by the affirmative vote of a majority of the directors of the parent cooperative  
 81.5 present shall set forth a plan of merger that contains:

81.6 (1) the name of the subsidiary or subsidiaries, the name of the parent, and the name of  
 81.7 the surviving cooperative;

81.8 (2) the manner and basis of converting the membership interests of the subsidiary or  
 81.9 subsidiaries or parent into securities of the parent, subsidiary, or of another cooperative or,  
 81.10 in the whole or in part, into money or other property;

81.11 (3) if the parent is a constituent cooperative but is not the surviving cooperative in the  
 81.12 merger, a provision for the pro rata issuance of membership interests of the surviving  
 81.13 cooperative to the holders of membership interests of the parent on surrender of any  
 81.14 certificates for shares of the parent; and

81.15 (4) if the surviving cooperative is a subsidiary, a statement of any amendments to the  
 81.16 articles of the surviving cooperative that will be part of the merger.

81.17 (b) If the parent is a constituent cooperative and the surviving cooperative in the merger,  
 81.18 it may change its cooperative name, without a vote of its members, by the inclusion of a  
 81.19 provision to that effect in the resolution of merger setting forth the plan of merger that is  
 81.20 approved by the affirmative vote of a majority of the directors of the parent present. Upon  
 81.21 the effective date of the merger, the name of the parent shall be changed.

81.22 (c) If the parent is a constituent cooperative but is not the surviving cooperative in the  
 81.23 merger, the resolution is not effective unless it is also approved by the affirmative vote of  
 81.24 the holders of a majority of the voting power of all membership interests of the parent  
 81.25 entitled to vote at a regular or special meeting if the parent is a cooperative, or in accordance  
 81.26 with the laws under which it is organized if the parent is a foreign business entity or  
 81.27 cooperative.

81.28 Subd. 2. **Notice to members of subsidiary.** Notice of the action, including a copy of  
 81.29 the plan of merger, shall be given to each member, other than the parent and any subsidiary  
 81.30 of each subsidiary that is a constituent cooperative in the merger before, or within ten days  
 81.31 after, the effective date of the merger.

81.32 Subd. 3. **Articles of merger; contents of articles.** Articles of merger shall be prepared  
 81.33 that contain:

82.1 (1) the plan of merger;

82.2 (2) the number of outstanding membership interests of each series and class of each  
 82.3 subsidiary that is a constituent cooperative in the merger, other than the series or classes  
 82.4 that, absent this section, would otherwise not be entitled to vote on the merger, and the  
 82.5 number of membership interests of each series and class of the subsidiary or subsidiaries,  
 82.6 other than series or classes that, absent this section, would otherwise not be entitled to vote  
 82.7 on the merger, owned by the parent directly, or indirectly through related organizations;  
 82.8 and

82.9 (3) a statement that the plan of merger has been approved by the parent under this section.

82.10 Subd. 4. **Articles signed, filed.** The articles of merger shall be signed on behalf of the  
 82.11 parent and filed with the secretary of state.

82.12 Subd. 5. **Certificate.** The secretary of state shall issue a certificate of merger to the  
 82.13 parent or its legal representative or, if the parent is a constituent cooperative but is not the  
 82.14 surviving cooperative in the merger, to the surviving cooperative or its legal representative.

82.15 Subd. 6. **Nonexclusivity.** A merger among a parent and one or more subsidiaries or  
 82.16 among two or more subsidiaries of a parent may be accomplished under section 308C.801  
 82.17 instead of this section, in which case this section does not apply.

82.18 Sec. 72. **[308C.835] ABANDONMENT.**

82.19 Subdivision 1. **Abandonment by members before plan effective date.** After a plan of  
 82.20 merger has been approved by the members entitled to vote on the approval of the plan and  
 82.21 before the effective date of the plan, the plan may be abandoned by the same vote that  
 82.22 approved the plan.

82.23 Subd. 2. **Generally.** (a) A merger may be abandoned:

82.24 (1) if the members of each of the constituent domestic cooperatives entitled to vote on  
 82.25 the approval of the plan have approved the abandonment at a meeting by the affirmative  
 82.26 vote of the holders of a majority of the voting power of the membership interests entitled  
 82.27 to vote; if the merger is with a domestic cooperative and a Minnesota limited liability  
 82.28 company or foreign business entity, if abandonment is approved in such manner as may be  
 82.29 required by section 322C.1003 for the involvement of a Minnesota limited liability company,  
 82.30 or for a foreign business entity by the laws of the state under which the foreign business  
 82.31 entity is organized; and the members of a constituent domestic cooperative are not entitled  
 82.32 to vote on the approval of the plan, the board of the constituent domestic cooperative has  
 82.33 approved the abandonment by the affirmative vote of a majority of the directors present;

83.1 (2) if the plan itself provides for abandonment and all conditions for abandonment set  
 83.2 forth in the plan are met; or

83.3 (3) under paragraph (b).

83.4 (b) A plan of merger may be abandoned before the effective date of the plan by a  
 83.5 resolution of the board of any constituent domestic cooperative abandoning the plan of  
 83.6 merger approved by the affirmative vote of a majority of the directors present, subject to  
 83.7 the contract rights of any other person under the plan. If a plan of merger is with a domestic  
 83.8 or foreign business entity, the plan of merger may be abandoned before the effective date  
 83.9 of the plan by a resolution of the foreign business entity adopted according to the laws of  
 83.10 the state under which the foreign business entity is organized, subject to the contract rights  
 83.11 of any other person under the plan. If the plan of merger is with a Minnesota limited liability  
 83.12 company, the plan of merger may be abandoned by the Minnesota limited liability company  
 83.13 as provided in section 322C.1003, subject to the contractual rights of any other person under  
 83.14 the plan.

83.15 (c) If articles of merger have been filed with the secretary of state, but have not yet  
 83.16 become effective, the constituent organizations, in the case of abandonment under paragraph  
 83.17 (a), clause (1), the constituent organizations or any one of them, in the case of abandonment  
 83.18 under paragraph (a), clause (2), or the abandoning organization in the case of abandonment  
 83.19 under paragraph (b), shall file with the secretary of state articles of abandonment that contain:

83.20 (1) the names of the constituent organizations;

83.21 (2) the provisions of this section under which the plan is abandoned; and

83.22 (3) if the plan is abandoned under paragraph (b), the text of the resolution abandoning  
 83.23 the plan.

83.24 **Sec. 73. [308C.901] METHODS OF DISSOLUTION.**

83.25 A cooperative may be dissolved by the members or by order of the court.

83.26 **Sec. 74. [308C.902] VOLUNTARY DISSOLUTION BY MEMBERS.**

83.27 Subdivision 1. **Meeting to consider dissolution.** A regular or a special member meeting  
 83.28 may be called to consider dissolution of a cooperative.

83.29 Subd. 2. **Approval.** The proposed dissolution must be submitted for approval at the  
 83.30 member meeting. The dissolution must be started if a quorum is present and the proposed  
 83.31 dissolution is approved at a meeting by the affirmative vote of two-thirds of the entire

84.1 membership of record, or for a cooperative with articles or bylaws requiring a greater  
84.2 proportion of the votes cast or other conditions for approval, the dissolution is approved by  
84.3 the proportion of votes cast or the number of total members required by the articles or  
84.4 bylaws, and if the conditions for approval in the articles or bylaws are satisfied.

84.5 Subd. 3. **Revocation of dissolution.** The members retain the right to revoke the  
84.6 dissolution proceedings and the right to remove directors and fill vacancies on the board.

84.7 **Sec. 75. [308C.903] NOTICE OF INTENT TO DISSOLVE.**

84.8 Before a cooperative begins dissolution, a notice of intent to dissolve must be filed with  
84.9 the secretary of state. The notice must contain:

84.10 (1) the name of the cooperative;

84.11 (2) the date and place of the member meeting at which the resolution was approved; and

84.12 (3) a statement that the requisite vote of the members approved the proposed dissolution.

84.13 **Sec. 76. [308C.905] WINDING UP.**

84.14 Subdivision 1. **Collection and payment of debts.** After the notice of intent to dissolve  
84.15 has been filed with the secretary of state, the board, or the officers acting under the direction  
84.16 of the board, shall proceed as soon as possible:

84.17 (1) to collect or make provision for the collection of all debts due or owing to the  
84.18 cooperative, including unpaid subscriptions for shares; and

84.19 (2) to pay or make provision for the payment of all debts, obligations, and liabilities of  
84.20 the cooperative according to their priorities.

84.21 Subd. 2. **Transfer of assets.** After the notice of intent to dissolve has been filed with  
84.22 the secretary of state, the board may sell, lease, transfer, or otherwise dispose of all or  
84.23 substantially all of the property and assets of the dissolving cooperative without a vote of  
84.24 the members.

84.25 Subd. 3. **Distribution to members.** Unless required otherwise by this chapter, tangible  
84.26 and intangible property, including money, remaining after the discharge of the debts,  
84.27 obligations, and liabilities of the cooperative shall be distributed as provided in the articles  
84.28 or bylaws. If previously authorized by the members, the tangible and intangible property  
84.29 of the cooperative may be liquidated and disposed of at the discretion of the board.

85.1 **Sec. 77. [308C.911] REVOCATION OF DISSOLUTION PROCEEDINGS.**

85.2 Subdivision 1. Authority to revoke. Dissolution proceedings may be revoked before  
85.3 the articles of dissolution are filed with the secretary of state.

85.4 Subd. 2. Revocation by members. The president may call a member meeting to consider  
85.5 the advisability of revoking the dissolution proceedings. The question of the proposed  
85.6 revocation shall be submitted to the members at the member meeting called to consider the  
85.7 revocation. The dissolution proceedings are revoked if the proposed revocation is approved  
85.8 at the member meeting by the affirmative vote of a majority of the entire membership of  
85.9 record in the cooperative or, for a cooperative with articles or bylaws requiring a greater  
85.10 number of affirmative votes, the number of memberships required by the articles or bylaws.

85.11 Subd. 3. Filing with secretary of state. Revocation of dissolution proceedings is effective  
85.12 when a notice of revocation is filed with the secretary of state. After the notice is filed, the  
85.13 cooperative may resume business.

85.14 **Sec. 78. [308C.915] STATUTE OF LIMITATIONS.**

85.15 The claim of a creditor or claimant against a dissolving cooperative is barred if the claim  
85.16 has not been enforced by initiating legal, administrative, or arbitration proceedings concerning  
85.17 the claim within two years after the date the notice of intent to dissolve is filed with the  
85.18 secretary of state.

85.19 **Sec. 79. [308C.921] ARTICLES OF DISSOLUTION.**

85.20 Subdivision 1. Conditions to file. Articles of dissolution of a cooperative shall be filed  
85.21 with the secretary of state after payment of the claims of all known creditors and claimants  
85.22 has been made or provided for and the remaining property has been distributed by the board.  
85.23 The articles of dissolution shall state:

85.24 (1) that all debts, obligations, and liabilities of the cooperative have been paid or  
85.25 discharged or adequate provisions have been made for them or time periods allowing claims  
85.26 have run and other claims are not outstanding;

85.27 (2) that the remaining property, assets, and claims of the cooperative have been distributed  
85.28 among the members or under a liquidation authorized by the members; and

85.29 (3) that legal, administrative, or arbitration proceedings by or against the cooperative  
85.30 are not pending or adequate provision has been made for the satisfaction of a judgment,  
85.31 order, or decree that may be entered against the cooperative in a pending proceeding.

86.1 Subd. 2. **Dissolution effective on filing.** The cooperative is dissolved when the articles  
86.2 of dissolution have been filed with the secretary of state.

86.3 Subd. 3. **Certificate.** The secretary of state shall issue to the dissolved cooperative or  
86.4 its legal representative a certificate of dissolution that contains:

86.5 (1) the name of the dissolved cooperative;

86.6 (2) the date the articles of dissolution were filed with the secretary of state; and

86.7 (3) a statement that the cooperative is dissolved.

86.8 Sec. 80. **[308C.925] APPLICATION FOR COURT-SUPERVISED VOLUNTARY**  
86.9 **DISSOLUTION.**

86.10 After a notice of intent to dissolve has been filed with the secretary of state and before  
86.11 a certificate of dissolution has been issued, the cooperative or, for good cause shown, a  
86.12 member or creditor may apply to a court within the county where the registered office is  
86.13 located to have the dissolution conducted or continued under the supervision of the courts.

86.14 Sec. 81. **[308C.931] COURT-ORDERED REMEDIES OR DISSOLUTION.**

86.15 Subdivision 1. **Conditions for relief.** A court may grant equitable relief that it deems  
86.16 just and reasonable in the circumstances or may dissolve a cooperative and liquidate its  
86.17 assets and business:

86.18 (1) in a supervised voluntary dissolution that is applied for by the cooperative;

86.19 (2) in an action by a member when it is established that:

86.20 (i) the directors or the persons having the authority otherwise vested in the board are  
86.21 deadlocked in the management of the cooperative's affairs and the shareholders or members  
86.22 are unable to break the deadlock;

86.23 (ii) the directors or those in control of the cooperative have acted fraudulently, illegally,  
86.24 or in a manner unfairly prejudicial toward one or more members in their capacities as  
86.25 members, directors, or officers;

86.26 (iii) the members of the cooperative are so divided in voting power that, for a period  
86.27 that includes the time when two consecutive regular member meetings were held, they have  
86.28 failed to elect successors to directors whose terms have expired or would have expired upon  
86.29 the election and qualification of their successors;

86.30 (iv) the cooperative assets are being misapplied or wasted; or

87.1 (v) the period of duration as provided in the articles has expired and has not been extended  
87.2 as provided in this chapter;

87.3 (3) in an action by a creditor when:

87.4 (i) the claim of the creditor against the cooperative has been reduced to judgment and  
87.5 an execution on the judgment has been returned unsatisfied; or

87.6 (ii) the cooperative has admitted in writing that the claim of the creditor against the  
87.7 cooperative is due and owing and it is established that the cooperative is unable to pay its  
87.8 debts in the ordinary course of business; or

87.9 (4) in an action by the attorney general to dissolve the cooperative in accordance with  
87.10 this chapter when it is established that a decree of dissolution is appropriate.

87.11 Subd. 2. **Condition of cooperative.** In determining whether to order equitable relief or  
87.12 dissolution, the court shall take into consideration the financial condition of the cooperative  
87.13 but may not refuse to order equitable relief or dissolution solely on the ground that the  
87.14 cooperative has accumulated operating net income or current operating net income.

87.15 Subd. 3. **Dissolution as remedy.** In deciding whether to order dissolution of the  
87.16 cooperative, the court must consider whether lesser relief suggested by one or more parties,  
87.17 such as a form of equitable relief or a partial liquidation, would be adequate to permanently  
87.18 relieve the circumstances established under subdivision 1, clause (2) or (3). Lesser relief  
87.19 may be ordered if it would be appropriate under the facts and circumstances of the case.

87.20 Subd. 4. **Expenses.** If the court finds that a party to a proceeding brought under this  
87.21 section has acted arbitrarily, vexatiously, or otherwise not in good faith, the court may in  
87.22 its discretion award reasonable expenses, including attorney fees and disbursements, to any  
87.23 of the other parties.

87.24 Subd. 5. **Venue.** Proceedings under this section shall be brought in a court within the  
87.25 county where the registered office of the cooperative is located.

87.26 Subd. 6. **Parties.** It is not necessary to make members parties to the action or proceeding  
87.27 unless relief is sought against them personally.

87.28 Sec. 82. **[308C.935] PROCEDURE INVOLUNTARY OR COURT-SUPERVISED**  
87.29 **VOLUNTARY DISSOLUTION.**

87.30 Subdivision 1. **Action before hearing.** In dissolution proceedings before a hearing can  
87.31 be completed, the court may:

87.32 (1) issue injunctions;

88.1 (2) appoint receivers with all powers and duties that the court directs;

88.2 (3) take actions required to preserve the cooperative's assets wherever located; and

88.3 (4) carry on the business of the cooperative.

88.4 Subd. 2. **Action after hearing.** After a hearing is completed, upon notice to parties to  
88.5 the proceedings and to other parties in interest designated by the court, the court may appoint  
88.6 a receiver to collect the cooperative's assets, including amounts owing to the cooperative  
88.7 by subscribers on account of an unpaid portion of the consideration for the issuance of  
88.8 shares. In addition to the powers set forth in chapter 576, a receiver has authority, subject  
88.9 to the order of the court, to continue the business of the cooperative and to sell, lease, transfer,  
88.10 or otherwise dispose of the property and assets of the cooperative either at public or private  
88.11 sale.

88.12 Subd. 3. **Discharge of obligations.** The assets of the cooperative or the proceeds resulting  
88.13 from a sale, lease, transfer, or other disposition shall be applied in the order of priority set  
88.14 forth in section 576.51.

88.15 Subd. 4. **Remainder to members.** After payment of the expenses of receivership and  
88.16 claims of creditors are proved, the remaining assets, if any, may be distributed to the  
88.17 members, distributed according to an approved liquidation plan, or distributed as otherwise  
88.18 required under this chapter.

88.19 **Sec. 83. [308C.941] RECEIVER QUALIFICATIONS AND POWERS.**

88.20 Subdivision 1. **Qualifications.** Any person qualified under section 576.26 may be  
88.21 appointed as a receiver. A receiver must give a bond as required by section 576.27.

88.22 Subd. 2. **Powers.** A receiver may sue and defend all actions as receiver of the cooperative.

88.23 **Sec. 84. [308C.945] DISSOLUTION ACTION BY ATTORNEY GENERAL;**  
88.24 **ADMINISTRATIVE DISSOLUTION.**

88.25 Subdivision 1. **Conditions to begin action.** A cooperative may be dissolved involuntarily  
88.26 by a decree of a court in this state in an action filed by the attorney general if it is established  
88.27 that:

88.28 (1) the articles and certificate of organization were procured through fraud;

88.29 (2) the cooperative was incorporated for a purpose not permitted by this chapter or  
88.30 prohibited by state law;



89.1 (3) the cooperative has flagrantly violated a provision of this chapter, has violated a  
89.2 provision of this chapter more than once, or has violated more than one provision of this  
89.3 chapter; or

89.4 (4) the cooperative has acted, or failed to act, in a manner that constitutes surrender or  
89.5 abandonment of the cooperative's franchise, privileges, or enterprise.

89.6 Subd. 2. **Notice to cooperative.** An action may not be commenced under this section  
89.7 until 30 days after notice to the cooperative by the attorney general of the reason for the  
89.8 filing of the action. If the reason for filing the action is an act that the cooperative has done,  
89.9 or omitted to do, and the act or omission may be corrected by an amendment of the articles  
89.10 or bylaws or by performance of or abstention from the act, the attorney general shall give  
89.11 the cooperative 30 additional days to make the correction before filing the action.

89.12 Sec. 85. **[308C.951] FILING CLAIMS IN COURT-SUPERVISED DISSOLUTION**  
89.13 **PROCEEDINGS.**

89.14 In proceedings to dissolve a cooperative, the court may require all creditors and claimants  
89.15 of the cooperative to file their claims under section 576.49. The receiver or any party in  
89.16 interest may object to any claims under section 576.50.

89.17 Sec. 86. **[308C.955] DISCONTINUANCE OF COURT-SUPERVISED DISSOLUTION**  
89.18 **PROCEEDINGS.**

89.19 The involuntary or supervised voluntary dissolution of a cooperative may be discontinued  
89.20 at any time during the dissolution proceedings if it is established that cause for dissolution  
89.21 does not exist. The court shall dismiss the proceedings and direct the receiver, if any, to  
89.22 redeliver to the cooperative its remaining property and assets and to file a final report under  
89.23 section 576.38, subdivision 3.

89.24 Sec. 87. **[308C.961] COURT-SUPERVISED DISSOLUTION ORDER.**

89.25 Subdivision 1. **Conditions for dissolution order.** In an involuntary or supervised  
89.26 voluntary dissolution after the costs and expenses of the proceedings and all debts,  
89.27 obligations, and liabilities of the cooperative have been paid or discharged and the remaining  
89.28 property and assets have been distributed to its members or, if its property and assets are  
89.29 not sufficient to satisfy and discharge the costs, expenses, debts, obligations, and liabilities,  
89.30 when all the property and assets have been applied so far as they will go to their payment  
89.31 according to their priorities, the court shall enter an order dissolving the cooperative.

90.1 Subd. 2. **Dissolution effective on filing order.** When the order dissolving the cooperative  
90.2 or association has been entered, the cooperative or association is dissolved.

90.3 **Sec. 88. [308C.965] FILING COURT'S DISSOLUTION ORDER.**

90.4 After the court enters an order dissolving a cooperative, the court administrator shall  
90.5 cause a certified copy of the dissolution order to be filed with the secretary of state. The  
90.6 secretary of state may not charge a fee for filing the dissolution order.

90.7 **Sec. 89. [308C.971] BARRING OF CLAIMS.**

90.8 Subdivision 1. **Claims barred.** A person who is or becomes a creditor or claimant before,  
90.9 during, or following the conclusion of dissolution proceedings, who does not file a claim  
90.10 or pursue a remedy in a legal, administrative, or arbitration proceeding during the pendency  
90.11 of the dissolution proceeding, or has not initiated a legal, administrative, or arbitration  
90.12 proceeding before the commencement of the dissolution proceedings, and all those claiming  
90.13 through or under the creditor or claimant, are forever barred from suing on that claim or  
90.14 otherwise realizing upon or enforcing it, except as provided in this section.

90.15 Subd. 2. **Certain unfiled claims allowed.** By one year after articles of dissolution have  
90.16 been filed with the secretary of state pursuant to this chapter, or a dissolution order has been  
90.17 entered, a creditor or claimant who shows good cause for not having previously filed the  
90.18 claim may apply to a court in this state to allow a claim:

90.19 (1) against the cooperative to the extent of undistributed assets; or

90.20 (2) if the undistributed assets are not sufficient to satisfy the claim, the claim may be  
90.21 allowed against a member to the extent of the distributions to members in dissolution received  
90.22 by the member.

90.23 Subd. 3. **Omitted claims allowed.** Debts, obligations, and liabilities incurred during  
90.24 dissolution proceedings must be paid or provided for by the cooperative before the  
90.25 distribution of assets to a member. A person to whom this kind of debt, obligation, or liability  
90.26 is owed but is not paid may pursue any remedy against the officers, directors, or members  
90.27 of the cooperative before the expiration of the applicable statute of limitations. This  
90.28 subdivision does not apply to dissolution under the supervision or order of a court.

90.29 **Sec. 90. [308C.975] RIGHT TO SUE OR DEFEND AFTER DISSOLUTION.**

90.30 After a cooperative has been dissolved, any of its former officers, directors, or members  
90.31 may assert or defend, in the name of the cooperative, a claim by or against the cooperative.