

501.601 Existing associations.

1. As used in this section:

a. "Dissenting member" means a voting member who votes in opposition to the plan of conversion and who makes a demand for payment as provided in this section not later than the deadline for members to cast ballots on the vote to approve the plan of conversion.

b. "Issue price" means the amount paid for an interest in the association or the value stated in a notice of allocation of patronage refunds.

2. An association organized under chapter 497, 498, or 499 may adopt this chapter pursuant to the following procedures:

a. The board must adopt a plan of conversion that specifies the changes in the articles to comply with this chapter, the effect of the conversion on the association's outstanding members' equity, and the option or options available to the equity holders who do not want to continue their investment in the association.

b. The members must approve the plan of conversion by the vote of two-thirds of the votes cast on a ballot in which a majority of all votes are cast.

3. *a.* The cooperative shall redeem all of the members' equity held by dissenting members at its issue price within one year after the conversion to this chapter is effective.

b. An equity holder who is not a voting member shall have the same rights as a dissenting member if the equity holder makes a demand for payment pursuant to paragraph "*a*" not later than the deadline for members to cast ballots on the vote to approve the plan of conversion.

c. The association shall notify all equity holders of their rights pursuant to paragraph "*a*" at the same time the association notifies the members of the member meeting to vote on the plan of conversion.

96 Acts, ch 1010, §33