

CLOSED COOPERATIVES

Footnotes

Statement of purpose; 96 Acts, ch 1010, § 1
Option to come under chapter 501A; §501A.1104

501.101 Definitions.

As used in this chapter, unless the context requires otherwise:

1. "*Articles*" means the cooperative's articles of association.
2. "*Authorized person*" means a person who is one of the following:
 - a. A farming entity.
 - b. A person who owns at least one hundred fifty acres of agricultural land and receives as rent a share of the crops or the animals raised on the land if that person is a natural person or a general partnership as organized under chapter 486, Code 1999, or chapter 486A in which all partners are natural persons.
 - c. An employee of the cooperative who performs at least one thousand hours of service for the cooperative in each calendar year.
3. "*Board*" means the cooperative's board of directors.
4. "*Cooperative*" means a cooperative association organized under this chapter or converted to this chapter pursuant to section 501.601.
5. "*Farming*" means the same as defined in section 9H.1.
6. "*Farming entity*" means any one of the following:
 - a. A natural person or a fiduciary for a natural person who regularly participates in physical labor or operations management in a farming operation and files schedule F as part of the person's annual form 1040 or form 1041 filing with the United States internal revenue service.
 - b. A family farm corporation, family farm limited liability company, family farm limited partnership, or family trust, as defined in section 9H.1.
 - c. A general partnership as organized under chapter 486, Code 1999, or chapter 486A in which all the partners are natural persons actively engaged in farming as provided in section 9H.1.
7. "*Interest*" means a voting interest or other interest in a cooperative as described in the cooperative's articles of association.
8. "*Interest holder*" means a person who owns an interest in a cooperative, whether or not that interest has voting rights.
9. "*Member*" means a person who owns a voting interest in a cooperative.
10. "*Membership*" means the interest established by a member owning a voting interest.

11. "Voting interest" means an interest in a cooperative that has voting rights.

96 Acts, ch 1010, §3; 98 Acts, ch 1152, §16, 69; 99 Acts, ch 96, §40, 41

501.102 Purposes and powers.

1. A cooperative organized under this chapter has the purpose of engaging in any lawful business unless a more limited purpose is set forth in the articles.

2. Unless its articles provide otherwise, a cooperative has perpetual duration and succession in its cooperative name and has the same powers as an individual to do all things necessary or convenient to carry out its business and affairs, including, but not limited to, all of the following:

a. Sue and be sued, complain, and defend in its name.

b. Have a seal, which may be altered at will, and use it, or a facsimile of it, by impressing or affixing it or in any other manner reproducing it.

c. Make and amend bylaws, not inconsistent with its articles of association or with the laws of this state, for managing the business and regulating the affairs of the cooperative.

d. Purchase, receive, lease, or otherwise acquire, and own, hold, improve, use, and otherwise deal with, real or personal property, or any legal or equitable interest in property, wherever located.

e. Sell, convey, mortgage, pledge, lease, exchange, and otherwise dispose of all or any part of its property.

f. Purchase, receive, subscribe for, or otherwise acquire, own, hold, vote, use, sell, mortgage, lend, pledge, or otherwise dispose of, and deal in and with shares or other interests in, or obligations of, any other entity.

g. Make contracts and guarantees, incur liabilities, borrow money, issue its notes, bonds, and other obligations, which may be convertible into or include the option to purchase other interests of the cooperative, and secure any of its obligations by mortgage or pledge of any of its property, franchises, or income.

h. Lend money, invest and reinvest its funds, and receive and hold real and personal property as security for repayment.

i. Be a promoter, partner, member, associate, or manager of any partnership, joint venture, trust, or other entity.

j. Conduct its business, locate offices, and exercise the powers granted by this chapter within or without this state.

k. Elect directors and appoint officers, employees, and agents of the cooperative, define their duties, fix their compensation, and lend them money and credit.

l. Pay pensions and establish pension plans, pension trusts, profit-sharing plans, bonus plans, and benefit or incentive plans for any or all of its current or former directors, officers, employees, and agents.

m. Make donations for the public welfare or for charitable, scientific, or educational purposes.

n. Transact any lawful business that will aid governmental policy.

o. Make payments or donations, or do any other act, not inconsistent with law, that furthers the business and affairs of the cooperative.

96 Acts, ch 1010, §4; 98 Acts, ch 1152, §7, 69

501.103 Permissible members limited farming activities.

1. Notwithstanding section 9H.4, any person or entity, subject to the limitations set forth in section 501.305, and subject to the cooperative's articles and bylaws, is permitted to own interests, including voting interests, in a cooperative.

2. Notwithstanding section 9H.4, a cooperative may, directly or indirectly, acquire or otherwise obtain or lease agricultural land in this state, for as long as the cooperative continues to meet the following requirements:

a. Farming entities own sixty percent of the interests and are eligible to cast sixty percent of the votes at member meetings.

b. Authorized persons own at least seventy-five percent of the interests and are eligible to cast at least seventy-five percent of the votes at member meetings.

c. The cooperative does not, either directly or indirectly, acquire or otherwise obtain or lease agricultural land, if the total agricultural land either directly or indirectly owned or leased by the cooperative would then exceed six hundred forty acres.

3. A cooperative that claims that it is exempt from the restrictions of section 9H.4 pursuant to subsection 2 shall file a biennial report with the secretary of state on or before March 31 of each even-numbered year on forms supplied by the secretary of state. The report shall be signed by the president or the vice president of the cooperative and shall contain the following:

a. The cooperative's name and address.

b. A certification that the cooperative meets both of the requirements of subsection 2.

c. The number of acres of agricultural land owned, leased, or held by the cooperative, including the following:

(1) The total number of acres in the state.

(2) The number of acres in each county identified by county name.

(3) The number of acres owned.

(4) The number of acres leased.

(5) The number of acres held other than by ownership or lease.

(6) The number of acres used for the production of row crops.

4. The president or the vice president of the cooperative who falsifies a report is guilty of perjury as provided in section 720.2.

5. In the event of a transfer of an interest in a cooperative by operation of law as a result of death, divorce,

bankruptcy, or pursuant to a security interest, the cooperative may disregard the transfer for purposes of determining compliance with subsection 2 for a period of two years after the transfer.

96 Acts, ch 1010, §5; 97 Acts, ch 171, §34; 98 Acts, ch 1152, §8, 69; 2005 Acts, ch 19, §73

Footnotes

Suspension of filing requirement, §10B.4A

501.104 Name.

The name of a cooperative organized under this chapter must contain the word "*cooperative*", "*coop*", or "*co-op*", and the name must be distinguishable from the names of cooperatives organized under this chapter or another chapter, or foreign cooperatives authorized to do business in this state.

96 Acts, ch 1010, §6

501.105 Execution and filing of documents.

1. The secretary of state may prescribe and furnish on request forms for the proper administration of this chapter. If the secretary of state has prescribed a mandatory form for a document, then that form must be on the prescribed form.

2. Articles must be signed by all of the organizers; and all other documents filed with the secretary of state must be signed by one of the cooperative's officers. The printed name and capacity of each signatory must appear in proximity to the signatory's signature. The secretary of state may accept a document containing a copy of the signature. A document is not required to contain a seal, an acknowledgment, or a verification.

3. The secretary of state shall collect the following fees:

a. Twenty dollars upon the filing of original or amended articles or articles of merger.

b. Five dollars upon the filing of all other required documents.

c. Five dollars per document and fifty cents per page for copying and certifying a document.

4. A document is effective at the later of the following times:

a. The time of filing on the date it is filed, as evidenced by the secretary of state's date and time endorsement on the original document.

b. The delayed effective time and date specified in the document. If a delayed effective date but no time is specified in the document, the document is effective at the close of business on that date. A delayed effective date for a document shall not be later than the ninetieth day after the date it is filed.

5. A document filed under this section may be corrected if the document contains an incorrect statement or the execution of the document was defective. A document is corrected by filing with the secretary of state articles of correction which describe the document to be corrected, including its filing date or a copy of the document. The articles must specify and correct the incorrect statement or defective execution. Articles of correction are effective on the effective date of the document it corrects except as to persons relying on the original document and adversely affected by the correction. As to those persons, articles of correction are effective when filed.

6. The secretary of state shall forward for recording a copy of each original, amended, and restated articles, articles of merger, articles of consolidation, and articles of dissolution to the recorder of the county in which the cooperative has its principal place of business, or in the case of a merger or consolidation, to the recorders of each of the counties in which the merging or consolidating cooperatives have their principal offices.

96 Acts, ch 1010, §7; 98 Acts, ch 1152, §9, 69

501.106 Registered office and registered agent.

1. A cooperative must continuously maintain in this state a registered office that may be the same as any of its places of business, and a registered agent, who may be any of the following:

- a.* An individual who resides in this state and whose business office is identical with the registered office.
- b.* A domestic corporation or not-for-profit domestic corporation whose business office is identical with the registered office.
- c.* A foreign corporation or not-for-profit foreign corporation authorized to transact business in this state whose business office is identical with the registered office.

2. A cooperative may change its registered office or registered agent by delivering to the secretary of state for filing a statement of change that sets forth all of the following:

- a.* The name of the cooperative.
- b.* The street address of its current registered office.
- c.* If the street address of the current registered office is to be changed, the street address of the new registered office.
- d.* The name of its current registered agent.
- e.* If the current registered agent is to be changed, the name of the new registered agent and the new agent's written consent, either on the statement or attached to it, to the appointment.
- f.* That after the change or changes are made, the street addresses of its registered office and the business office of its registered agent will be identical.

3. *a.* If a registered agent changes the street address of the registered agent's business office, the registered agent may change the street address of the registered office of any cooperative for which the person is the registered agent by notifying the cooperative in writing of the change and signing, either manually or in facsimile, and delivering to the secretary of state for filing, a statement that provides for a registered office and a registered agent as provided in this section, and which recites that the cooperative has been notified of the change.

b. If a registered agent changes the registered agent's business address to another place, the registered agent may change the business address and the address of the registered agent by filing a statement as required in paragraph "a" for each cooperative, or a single statement for all cooperatives named in the notice, except that it need be signed only by the registered agent or agents or be responsive to subsection 2, paragraph "e". The statement must recite that a copy of the statement has been mailed to each cooperative named in the notice.

4. A cooperative may also change its registered office or registered agent in its biennial report.

5. *a.* A registered agent may resign the agent's agency appointment by signing and delivering to the secretary of state for filing the signed original statement of resignation. The statement may include a statement that the registered office is also discontinued. The registered agent shall send a copy of the statement of resignation by certified mail to the cooperative at its principal office and to the registered office, if not discontinued. The registered agent shall certify to the secretary of state that the copies have been sent to the cooperative, including the date the copies were sent.

b. The agency appointment is terminated, and the registered office discontinued if so provided, on the date on which the statement was filed.

6. *a.* A cooperative's registered agent is the cooperative's agent for service of process, notice, or demand required or permitted by law to be served on the cooperative.

b. If a cooperative has no registered agent, or the agent cannot with reasonable diligence be served, the cooperative may be served by registered or certified mail, return receipt requested, addressed to the secretary of the cooperative at its principal office. Service is perfected under this paragraph at the earliest of any of the following:

(1) The date that the cooperative receives the mail.

(2) The date shown on the return receipt, if signed on behalf of the cooperative.

(3) Five days after its deposit in the United States mail, as evidenced by the postmark, if mailed postpaid and correctly addressed.

c. A cooperative may be served pursuant to this section or as provided in other provisions of this chapter, unless the manner of service is otherwise specifically provided for by statute.

96 Acts, ch 1010, §8; 98 Acts, ch 1152, §10, 11, 69; 2000 Acts, ch 1022, §12

501.107 Records and reports. Repealed by 98 Acts, ch 1152, §68, 69. See §501.701 et seq.

501.108 Quo warranto.

The attorney general alone shall have the right to inquire into whether a cooperative has the right to exist or continue under this chapter. If the secretary of state is informed that a cooperative is not functioning as a cooperative, the secretary of state shall notify the attorney general. If the attorney general finds reasonable cause that the cooperative is not functioning as provided under this chapter, the attorney general shall bring action to wind up the affairs of the cooperative.

96 Acts, ch 1010, §10

501.201 Cooperative formation.

Three or more individuals may organize a cooperative under this chapter by executing and delivering articles to the secretary of state.

96 Acts, ch 1010, §11

501.202 Documents of organization.

1. The initial articles must set forth all of the following:

A member is not personally liable for the acts or debts of the cooperative.

96 Acts, ch 1010, §15

501.302 Calling and notice of meetings.

1. A cooperative shall hold an annual member meeting at a time and place fixed in accordance with the bylaws.
2. The board may call special member meetings, and the board shall call a special member meeting upon the written demand of twenty percent of the members.
3. A cooperative shall give each member at least ten days' advance notice of the time, place, and the issues to be considered at each member meeting. This notice may be given in person or by mail to the last known address of the member, or the notice requirement may be met by the member waiving the notice.
4. The record date for determining the members entitled to notice of and to vote at a member meeting is the close of business on the day before the first notices for the meeting are delivered or mailed.

96 Acts, ch 1010, §16

501.303 Conduct of meetings.

1. Only those issues included in the notice of a member meeting may be considered at that meeting.
2. A member may vote at a member meeting in person or by signed absentee ballot that specifies the issue and the member's vote on that issue. If the board makes available an absentee ballot form, then that form must be used to cast an absentee ballot on that issue.

96 Acts, ch 1010, §17

501.304 Member information.

1. Within ten days from receiving a demand of a member, the cooperative shall produce and furnish the member with the names and addresses of all members of the cooperative.
2. The board shall adopt a policy which permits the distribution of information to all of the members upon the request of a member when the purpose of the request concerns directly the action of the board. Upon receipt of the information and the request of a member, the board shall distribute the information to all of the members. The cooperative may charge the requesting member the costs incurred by the cooperative in distributing the information.

96 Acts, ch 1010, §18

501.305 Multiple membership prohibited.

A person who is a member owning fifteen percent or more of a cooperative shall not be eligible to be a member of any other cooperative organized under this chapter. A person violating this section is subject to a civil penalty of not more than one hundred dollars. The person's membership in a cooperative shall terminate if the person's acquisition of an interest in that cooperative caused the person to be in violation of this section.

96 Acts, ch 1010, §19

501.306 Number of votes.

A person who is a member shall not own more than one membership. The person shall be entitled to cast not more than one vote regarding any matter in which a vote is conducted, including any matter subject to a vote during a cooperative meeting.

96 Acts, ch 1010, §20; 98 Acts, ch 1152, §14, 69

501.307 Financial information.

The cooperative shall make available financial information to its membership by doing either of the following:

1. Preparing and providing to its members a financial statement for the cooperative's last fiscal year.

a. The financial statement must be based upon an unqualified opinion based upon an audit performed by a certified public accountant licensed in this state. However, a qualification in an opinion is valid, if it is unavoidable by any audit procedure that is permitted under generally accepted accounting principles. An opinion that is qualified because of a limited audit procedure or because the scope of an audit is limited is invalid for purposes of this section.

b. The financial statement must disclose the assets, liabilities, and net worth of the cooperative. The financial statement must be prepared according to generally accepted accounting principles. Assets must be shown at original cost less depreciation, or based upon a valuation in accordance with a competent appraisal. Unpriced contracts for agricultural commodities or products must be shown as a liability and valued at the applicable current market price of the agricultural commodities or products as of the date the financial statement is prepared.

2. Honoring a demand to provide access at all reasonable hours at its offices to the books, records, accounts, papers, documents, and computer programs or other recordings relating to the property, assets, business, and financial affairs of the cooperative. The demand shall be in writing and signed by at least fifty percent of all the members of the cooperative. The cooperative shall honor the demand within one day from its receipt. Upon receipt of the demand, the cooperative must provide access to one or more persons selected by the fifty percent of the members to conduct the examination.

96 Acts, ch 1010, §21

501.401 Number and election.

1. The affairs of a cooperative shall be managed by a board of not less than three directors.

2. The members shall elect the directors as prescribed in the articles or bylaws.

3. Each director shall serve the term prescribed in the articles or bylaws. The terms may be staggered.

96 Acts, ch 1010, §22

501.402 Vacancies.

1. A director may resign at any time by delivering written notice to the board chairperson or the board secretary. A resignation is effective when the notice is delivered unless the notice specifies a later effective date.

2. The members may remove one or more directors with or without cause unless the articles provide that directors may be removed only for cause.
3. The articles may authorize the board to remove a director for a cause specified in the articles.
4. Unless the articles or bylaws provide otherwise, the board shall fill each vacancy until the members elect a director to fill the vacancy at the next scheduled meeting of the members. If the directors remaining in office constitute fewer than a quorum of the board, they may fill the vacancy by the affirmative vote of a majority of all the directors remaining in office.

96 Acts, ch 1010, §23

501.403 Board action.

1. The board may hold regular or special meetings in or out of this state. A quorum of the board consists of a majority of the directors.
2. Unless the articles or bylaws provide otherwise:
 - a. Regular board meetings may be held without notice of the date, time, place, or purpose of the meeting.
 - b. Special board meetings must be preceded by at least two days' notice of the date, time, and place of the meeting; but the notice need not describe the purpose of the special meeting.
 - c. The board may create one or more committees composed of directors, and specify the duties and authority of each committee.
 - d. The board may permit any number of directors to participate in a regular or special meeting by, or conduct the meeting through, the use of any means of communication by which all directors participating may simultaneously hear each other during the meeting.
 - e. Action required or permitted by this chapter to be taken at a board meeting may be taken without a meeting if the action is taken by all members of the board. The action must be evidenced by one or more written consents describing the action taken, signed by each director, and included in the minutes or filed with the cooperative's records reflecting the action taken. Action taken under this section is effective when the last director signs the consent, unless the consent specifies a different effective date. A consent signed under this section has the effect of a meeting vote and may be described as such in any document.
3. A director may waive any notice required by this chapter, the articles, or the bylaws before or after the date and time stated in the notice. The waiver must be in writing, signed by the director entitled to the notice, and filed with the minutes or records of the cooperative. A director's attendance at or participation in a meeting waives any required notice to that director of the meeting unless the director at the beginning of the meeting or promptly upon the director's arrival objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

96 Acts, ch 1010, §24; 98 Acts, ch 1152, §15, 16, 69

501.404 Director conflict of interest.

1. A conflict of interest transaction is a transaction with the cooperative in which a director has a direct or indirect interest. A director shall be deemed to have a conflict of interest in a matter concerning a transaction

between the cooperative and another entity, if the director owns a twenty-five percent or greater ownership interest in the other entity. A conflict of interest transaction is not voidable by the cooperative solely because of the director's interest in the transaction if any one of the following is true:

a. The material facts of the transaction and the director's interest were disclosed or known to the board or a board committee and the board or committee authorized, approved, or ratified the transaction. For purposes of this paragraph, a conflict of interest transaction is authorized, approved, or ratified if it receives the affirmative vote of a majority of the directors on the board or on the committee who have no direct or indirect interest in the transaction, but a transaction may not be authorized, approved, or ratified under this section by a single director. If a majority of the directors who have no direct or indirect interest in the transaction vote to authorize, approve, or ratify the transaction, a quorum is present for the purpose of taking action under this paragraph. The presence of, or a vote cast by, a director with a direct or indirect interest in the transaction does not affect the validity of any action taken under this paragraph, if the transaction is otherwise authorized, approved, or ratified as provided in this paragraph.

b. The material facts of the transaction and the director's interest were disclosed or known to the members entitled to vote and they authorized, approved, or ratified the transaction. For purposes of this paragraph, a conflict of interest transaction is authorized, approved, or ratified if it receives a majority of the votes entitled to be counted under this paragraph. Voting interests owned by or voted under the control of a director who has a direct or indirect interest in the transaction, and voting interests owned by or voted under the control of an entity described in subsection 2, paragraph "a", shall not be counted in a vote of members to determine whether to authorize, approve, or ratify a conflict of interest transaction under this paragraph. The vote of those voting interests, however, is counted in determining whether the transaction is approved under other sections of this chapter. A majority of the votes, whether or not the members are present, that are entitled to be counted in a vote on the transaction under this paragraph constitutes a quorum for the purpose of taking action under this paragraph.

c. The transaction was fair to the cooperative.

2. For purposes of this section, a director of the cooperative has an indirect interest in a transaction if either:

a. Another entity in which the director has a material financial interest is a party to the transaction.

b. Another entity of which the director is a director, officer, or trustee is a party to the transaction and the transaction is or should be considered by the board.

96 Acts, ch 1010, §25; 97 Acts, ch 23, §57; 98 Acts, ch 1152, §17, 69

501.405 Officers.

A cooperative shall have officers described in its bylaws or appointed by the board in accordance with the bylaws. The bylaws or the board shall delegate to one of the officers responsibility for preparing minutes of the directors' and members' meetings and for authenticating records of the cooperative. Each officer has the authority and shall perform the duties set forth in the bylaws or, to the extent consistent with the bylaws, the duties prescribed by the board. The same individual may simultaneously hold more than one office.

96 Acts, ch 1010, §26

501.406 Standards of conduct.

1. A director or officer shall discharge the director's or officer's duties in conformity with all of the following:

a. In good faith.

b. With the care an ordinarily prudent person in a like position would exercise under similar circumstances.

c. In a manner the director or officer reasonably believes to be in the best interests of the cooperative.

2. In discharging duties by a director or officer, the director or officer is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by any of the following:

a. One or more officers or employees of the cooperative whom the director or officer reasonably believes to be reliable and competent in the matters presented.

b. A person, including but not limited to a legal counsel or public accountant, regarding a matter that the director or officer reasonably believes is within the person's professional or expert competence.

c. A committee of the board of which the director or officer is not a member if the director or officer reasonably believes the committee merits confidence.

3. A director or officer is not acting in good faith if the director or officer has knowledge concerning a matter in question that makes reliance otherwise permitted by subsection 2 unwarranted.

4. A director or officer is not liable for any action taken as a director or officer, or the failure to take action, if the director or officer performs the duties of the office in compliance with this section or if, and to the extent that, liability for the action or failure to act has been limited by the articles pursuant to section 501.407.

96 Acts, ch 1010, §27

501.407 Personal liability indemnification.

1. The articles may contain a provision eliminating or limiting the personal liability of a director, officer, or interest holder of the cooperative for money damages for any action taken, or any failure to take action as a director, officer, or interest holder, except liability for any of the following:

a. An intentional infliction of harm on the cooperative or its members.

b. An intentional violation of criminal law.

c. The amount of a financial benefit received by the person to which the person is not entitled.

d. An act or omission occurring prior to the date when the provision in the articles becomes effective.

2. The articles may contain a provision permitting or making obligatory indemnification of a director or officer for liability, as defined in section 501.411, to any person for any action taken, or any failure to take any action, as a director or officer, except liability for any of the following:

a. Receipt of a financial benefit to which the person is not entitled.

b. An intentional infliction of harm on the cooperative or its members.

c. An intentional violation of criminal law.

96 Acts, ch 1010, §28; 98 Acts, ch 1152, §18, 19, 69; 2003 Acts, ch 66, §15; 2004 Acts, ch 1101, §69

501.408 Indemnification. Repealed by 98 Acts, ch 1152, §68, 69. See §501.411 et seq.

501.409 and 501.410 Reserved.

501.411 Definitions.

As used in this part, unless the context otherwise requires:

1. "*Cooperative*" includes any domestic or foreign predecessor entity of a cooperative in a merger.
2. "*Director*" or "*officer*" means an individual who is or was a director or officer, respectively, of a cooperative who, while a director or officer of the cooperative, is or was serving at the cooperative's request as a director, officer, partner, trustee, employee, or agent of another domestic or foreign cooperative, corporation, partnership, joint venture, trust, employee benefit plan, or other entity. A director or officer is considered to be serving an employee benefit plan at the cooperative's request if the director's or officer's duties to the cooperative also impose duties on, or otherwise involve services by, that director or officer to the plan or to participants in or beneficiaries of the plan. "*Director*" or "*officer*" includes, unless the context requires otherwise, the estate or personal representative of a director or officer.
3. "*Disinterested director*" means a director who at the time of a vote referred to in section 501.414, subsection 3, or a vote or selection referred to in section 501.416, subsection 2 or 3, is not either of the following:
 - a. A party to the proceeding.
 - b. An individual having a familial, financial, professional, or employment relationship with the director whose indemnification or advance for expenses is the subject of the decision being made, which relationship would in the circumstances, reasonably be expected to exert an influence on the director's judgment when voting on the decision being made.
4. "*Expenses*" includes counsel fees.
5. "*Liability*" means the obligation to pay a judgment, settlement, penalty, fine, including an excise tax assessed with respect to an employee benefit plan, or reasonable expenses incurred with respect to a proceeding.
6. "*Official capacity*" means:
 - a. When used with respect to a director, the office of director in a cooperative.
 - b. When used with respect to an officer, as contemplated in section 501.417, the office in a cooperative held by the officer."*Official capacity*" does not include service for any other domestic or foreign cooperative or any corporation, partnership, joint venture, trust, employee benefit plan, or other entity.
7. "*Party*" means an individual who was, is, or is threatened to be made a defendant or respondent in a proceeding.
8. "*Proceeding*" means any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative and whether formal or informal.

501.412 Permissible indemnification.

1. Except as otherwise provided in this section, a cooperative may indemnify an individual who is a party to a proceeding because the individual is a director against liability incurred in the proceeding if either of the following apply:

a. All of the following apply:

(1) The individual acted in good faith.

(2) The individual reasonably believed:

(a) In the case of conduct in the individual's official capacity, that the individual's conduct was in the best interests of the cooperative.

(b) In all other cases, that the individual's conduct was at least not opposed to the best interests of the cooperative.

(3) In the case of any criminal proceeding, the individual had no reasonable cause to believe the individual's conduct was unlawful.

b. The individual engaged in conduct for which broader indemnification has been made permissible or obligatory under a provision of the articles of organization as authorized by section 501.407, subsection 2.

2. A director's conduct with respect to an employee benefit plan for a purpose the director reasonably believed to be in the interests of the participants in and beneficiaries of the plan is conduct that satisfies the requirement of subsection 1, paragraph "a", subparagraph (2), subparagraph subdivision (b).

3. The termination of a proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent is not, of itself, determinative that the director did not meet the relevant standard of conduct described in this section.

4. Unless ordered by a court pursuant to section 501.415, subsection 1, paragraph "c", a cooperative shall not indemnify a director in either of the following circumstances:

a. In connection with a proceeding by or in the right of the cooperative, except for reasonable expenses incurred in connection with the proceeding if it is determined that the director has met the relevant standard of conduct under subsection 1, paragraph "a".

b. In connection with any proceeding with respect to conduct for which the director was adjudged liable on the basis that the director received a financial benefit to which the director was not entitled, whether or not involving action in the director's official capacity.

98 Acts, ch 1152, §21, 69; 2003 Acts, ch 66, §17

501.413 Mandatory indemnification.

A cooperative shall indemnify a director who was wholly successful, on the merits or otherwise, in the defense of any proceeding to which the director was a party because the director is or was a director of the cooperative.

98 Acts, ch 1152, §22, 69; 2003 Acts, ch 66, §18

501.414 Advance for expenses.

1. A cooperative may, before final disposition of a proceeding, advance funds to pay for or reimburse the reasonable expenses incurred by a director who is a party to a proceeding because the person is a director if the person delivers all of the following to the cooperative:

a. A written affirmation of the director's good faith belief that either the director has met the relevant standard of conduct described in section 501.412 or that the proceeding involves conduct for which liability has been eliminated under a provision of the articles of organization as authorized by section 501.407, subsection 1.

b. The director's written undertaking to repay any funds advanced if the director is not entitled to mandatory indemnification under section 501.413 and it is ultimately determined that the director has not met the relevant standard of conduct described in section 501.412.

2. The undertaking required by subsection 1, paragraph "*b*", must be an unlimited general obligation of the director but need not be secured and may be accepted without reference to the financial ability of the director to make repayment.

3. Authorizations under this section shall be made according to either of the following:

a. By the board of directors, according to one of the following:

(1) If there are two or more disinterested directors, by a majority vote of all the disinterested directors, a majority of whom shall for such purpose constitute a quorum, or by a majority of the members of a committee of two or more disinterested directors appointed by such a vote.

(2) If there are fewer than two disinterested directors, if a quorum is present when the vote is taken, by the affirmative vote of a majority of the directors present, unless the articles or bylaws require the vote of a greater number of directors, in which authorization directors who do not qualify as disinterested directors may participate.

b. By the members, but voting interests owned by or voted under the control of a director who at the time does not qualify as a disinterested director shall not be voted on the authorization.

98 Acts, ch 1152, §23, 69; 2003 Acts, ch 66, §19

501.415 Court-ordered indemnification.

1. A director who is a party to a proceeding because the person is a director may apply to the court conducting the proceeding or to another court of competent jurisdiction for indemnification or an advance for expenses. After receipt of an application, and after giving any notice the court considers necessary, the court shall proceed according to the following:

a. Order indemnification if the court determines that the director is entitled to mandatory indemnification under section 501.413.

b. Order indemnification or advance for expenses if the court determines that the director is entitled to indemnification or advance for expenses pursuant to a provision authorized by section 501.419, subsection 1.

c. Order indemnification or advance for expenses if the court determines, in view of all the relevant circumstances, that it is fair and reasonable to do one of the following:

(1) To indemnify the director.

(2) To advance expenses to the director, even if the director has not met the relevant standard of conduct set forth in section 501.412, subsection 1, failed to comply with section 501.414, or was adjudged liable in a proceeding referred to in section 501.412, subsection 4, paragraph "a" or "b", but if the director was adjudged so liable the director's indemnification shall be limited to reasonable expenses incurred in connection with the proceeding.

2. If the court determines that the director is entitled to indemnification under subsection 1, paragraph "a", or to indemnification or advance for expenses under subsection 1, paragraph "b", the court shall also order the cooperative to pay the director's reasonable expenses incurred in connection with obtaining court-ordered indemnification or advance for expenses. If the court determines that the director is entitled to indemnification or advance for expenses under subsection 1, paragraph "c", the court may also order the cooperative to pay the director's reasonable expenses to obtain court-ordered indemnification or advance for expenses.

98 Acts, ch 1152, §24, 69; 2003 Acts, ch 66, §20

501.416 Determination and authorization of indemnification.

1. A cooperative shall not indemnify a director under section 501.412 unless authorized for a specific proceeding after a determination has been made that indemnification of the director is permissible because the director has met the relevant standard of conduct set forth in section 501.412.

2. The determination shall be made by one of the following:

a. If there are two or more disinterested directors, by the board of directors by a majority vote of all the disinterested directors, a majority of whom shall for such purpose constitute a quorum, or by a majority of the members of a committee of two or more disinterested directors appointed by such a vote.

b. By special legal counsel.

(1) The special legal counsel shall be selected in the manner described in paragraph "a".

(2) If there are fewer than two disinterested directors, special legal counsel shall be selected by the board of directors, in which selection directors who do not qualify as disinterested directors may participate.

c. By the members, but voting interests owned by or voted under the control of a director who at the time does not qualify as a disinterested director shall not be voted on the determination.

3. Authorization of indemnification shall be made in the same manner as the determination that indemnification is permissible, except that if there are fewer than two disinterested directors or if the determination is made by special legal counsel, authorization of indemnification shall be made by those entitled under subsection 2, paragraph "b", to select special legal counsel.

98 Acts, ch 1152, §25, 69; 2003 Acts, ch 66, §21

501.417 Indemnification of officers.

1. A cooperative may indemnify and advance expenses under this part to an officer of the cooperative who is a party to the proceeding because the person is an officer, according to both of the following:

a. To the same extent as to a director.

b. If the person is an officer but not a director, to such further extent as may be provided by the articles of

association, the bylaws, a resolution of the board of directors, or contract, except for either of the following:

(1) Liability in connection with a proceeding by or in the right of the cooperative other than for reasonable expenses incurred in connection with the proceeding.

(2) Liability arising out of conduct that constitutes any of the following:

(a) Receipt by the officer of a financial benefit to which the officer is not entitled.

(b) An intentional infliction of harm on the cooperative or the interest holders.

(c) An intentional violation of criminal law.

2. The provisions of subsection 1, paragraph "b", shall apply to an officer who is also a director if the basis on which the officer is made a party to a proceeding is an act or omission solely as an officer.

3. An officer of a cooperative who is not a director is entitled to mandatory indemnification under section 501.413, and may apply to a court under section 501.415 for indemnification or an advance for expenses, in each case to the same extent to which a director may be entitled to indemnification or an advance for expenses under those provisions.

98 Acts, ch 1152, §26, 69; 2003 Acts, ch 66, §22

501.418 Insurance.

A cooperative may purchase and maintain insurance on behalf of an individual who is a director or officer of the cooperative, or who, while a director or officer of the cooperative, serves at the cooperative's request as a director, officer, partner, trustee, employee, or agent of another domestic or foreign cooperative, corporation, partnership, joint venture, trust, employee benefit plan, or other entity, against liability asserted against or incurred by that individual in that capacity or arising from the individual's status as a director or officer, whether or not the cooperative would have power to indemnify or advance expenses to that individual against the same liability under this part.

98 Acts, ch 1152, §27, 69; 2003 Acts, ch 66, §23

501.419 Variation by corporate action application of this part.

1. A cooperative may, by a provision in its articles of organization or bylaws or in a resolution adopted or a contract approved by its board of directors or members, obligate itself in advance of the act or omission giving rise to a proceeding to provide indemnification in accordance with section 501.412 or advance funds to pay for or reimburse expenses in accordance with section 501.414. Any such obligatory provision shall be deemed to satisfy the requirements for authorization referred to in section 501.414, subsection 3, and in section 501.416, subsection 3. Any such provision that obligates the cooperative to provide indemnification to the fullest extent permitted by law shall be deemed to obligate the cooperative to advance funds to pay for or reimburse expenses in accordance with section 501.414 to the fullest extent permitted by law, unless the provision specifically provides otherwise.

2. Any provision pursuant to subsection 1 shall not obligate the cooperative to indemnify or advance expenses to a director of a predecessor of the cooperative, pertaining to conduct with respect to the predecessor, unless otherwise specifically provided. Any provision for indemnification or advance for expenses in the articles of organization, bylaws, or a resolution of the board of directors or members of a predecessor of the cooperative in a merger or in a contract to which the predecessor is a party, existing at the time the merger takes effect, shall be governed by section 501.618, subsection 3.

3. A cooperative may, by a provision in its articles of organization, limit any of the rights to indemnification or advance for expenses created by or pursuant to this part.

4. This part does not limit a cooperative's power to pay or reimburse expenses incurred by a director or an officer in connection with the director's or officer's appearance as a witness in a proceeding at a time when the director or officer is not a party.

5. This part does not limit a cooperative's power to indemnify, advance expenses to, or provide or maintain insurance on behalf of an employee or agent.

98 Acts, ch 1152, §28, 69; 2003 Acts, ch 66, §24

501.420 Exclusivity.

A cooperative may provide indemnification or advance expenses to a director or an officer only as permitted by this chapter.

2003 Acts, ch 66, §25

501.501 Issuance and transfer of interests.

1. A cooperative may issue the number of interests of each class authorized by its articles. A cooperative may issue fractional interests. Interests may be represented by certificates or by entry on the cooperative's interest record books.

2. A member shall not sell or otherwise transfer voting interests to any person. A member may be restricted or limited from selling or otherwise transferring any other class of interests of the cooperative as provided by the cooperative's articles of association or bylaws or an agreement executed between the cooperative and the member.

3. A cooperative may acquire its own interests, and interests so acquired constitute authorized but unissued interests.

96 Acts, ch 1010, §30; 97 Acts, ch 16, §1; 98 Acts, ch 1152, §29, 69

501.502 Termination of membership.

1. A membership shall terminate upon the death of the member.

2. The articles or bylaws may authorize the board to terminate a membership for any of the following reasons:

a. The member has attempted to transfer any interest to a person who is not a member and has not been approved for membership.

b. The member has failed to meet the member's commitment to provide products to the cooperative or to buy the cooperative's products.

c. The member is no longer an authorized person.

d. The member is no longer a farming entity.

3. A member's right to vote at member meetings shall cease upon termination of the membership.

4. The cooperative shall redeem, without interest, the voting interest of a terminated member within one year after the termination of the membership for the fair market value of the interest. If the amount originally paid by the member for the voting interest was less than ten percent of the total amount the member paid for all classes of interests, the cooperative may redeem the voting interest for its issue price if the cooperative's articles of association grant the cooperative this authority.

5. The cooperative shall redeem, without interest, all of the terminated member's allocated patronage refunds and preferred interests originally issued as allocated patronage refunds for the issue price as follows:

a. If a terminated member's current equity is less than two percent of the cooperative's total members' equity, the cooperative shall either redeem the terminated member's equity within one year after the termination of the membership or redeem the terminated member's equity in annual amounts of not less than twenty percent of the total amount provided that the entire amount must be redeemed within five years after the termination of the membership.

b. If a terminated member's current equity equals or exceeds two percent of the cooperative's total members' equity, the cooperative shall redeem the terminated member's equity in annual amounts of not less than fifteen percent of the total amount provided that the entire amount must be redeemed within seven years after the termination of the membership.

96 Acts, ch 1010, §31; 97 Acts, ch 16, §2; 98 Acts, ch 1152, §3032, 69

501.503 Distribution of net savings.

The board shall annually dispose of the cooperative's earnings in excess of its operating expenses as follows:

1. If the articles authorize the payment of distributions on a class of interests, then the directors may declare a distribution pursuant to the articles. Distributions shall not exceed eight percent of the value of the interest in each fiscal year. The members may control the amount that is allocated under this subsection.

2. To provide a reasonable reserve for depreciation, obsolescence, bad debts, or contingent losses or expenses. The members may control the amount that is allocated under this subsection.

3. To increase the cooperative's retained savings to the extent determined by the board to be necessary based on its evaluation of the future needs and the competitive position of the cooperative.

4. The cooperative shall have an unconditional binding obligation to distribute to the members all remaining net savings as determined under the United States Internal Revenue Code. These net savings shall be allocated to each member in proportion to the business the member did with the cooperative during the preceding fiscal year. The net savings may be separately calculated for two or more categories of business, and allocated to the members on the basis of business done within each of these categories. Net savings shall be distributed in the form of cash or interests, or a combination of cash and interests, as determined by the board.

96 Acts, ch 1010, §32; 98 Acts, ch 1152, §33, 69

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

501.602 Merger and consolidation. Repealed by 98 Acts, ch 1152, §68, 69. See §501.611 et seq.

501.603 Sale of assets.

1. A cooperative may, on the terms and conditions and for the consideration determined by the board, mortgage, pledge, or otherwise encumber any or all of its property.

2. A cooperative may sell, lease, exchange, or otherwise dispose of all, or substantially all, of its property, with or without the good will, on the terms and conditions and for the consideration determined by the board, which consideration may include the interests of another cooperative, if the board recommends the proposed transaction to the members, and the members approve it by the vote of two-thirds of the votes cast on a ballot in which a majority of all votes are cast. The board may condition its submission of the proposed transaction on any basis.

96 Acts, ch 1010, §35; 98 Acts, ch 1152, §34, 69

501.604 Dissolution. Repealed by 98 Acts, ch 1152, §68, 69. See §501.801 et seq.

501.605 through 501.610 Reserved.

501.611 Definitions.

When used in this part, unless the context otherwise requires:

1. "*Consolidation*" means the uniting of two or more cooperatives organized under this chapter into one cooperative organized under this chapter, in such manner that a new cooperative is formed, and the new

cooperative absorbs the others, which cease to exist as separate entities.

2. "*Dissenting member*" means a voting member who votes in opposition to the plan of merger or consolidation and who makes a demand for payment of the fair value under section 501.615.

3. "*Fair value*" means the cash price that would be paid by a willing buyer to a willing seller, neither being under any compulsion to buy or sell.

4. "*Issue price*" means the amount paid for an interest in the old cooperative or the amount stated in a notice of allocation of patronage distributions.

5. "*Merger*" means the uniting of two or more cooperatives organized under this chapter into one cooperative organized under this chapter, in such manner that one of the merging associations continues to exist and absorbs the others, which cease to exist as entities. "*Merger*" does not include the acquisition, by purchase or otherwise, of the assets of one cooperative by another, unless the acquisition only becomes effective by the filing of articles of merger by the cooperatives and the issuance of a certificate of merger pursuant to sections 501.617 and 501.618.

6. "*New cooperative*" is the cooperative resulting from the consolidation of two or more cooperatives organized under this chapter.

7. "*Old cooperative*" means the cooperative in which the member owns or owned a membership prior to merger or consolidation.

8. "*Surviving cooperative*" is the cooperative resulting from the merger of two or more cooperatives organized under this chapter.

98 Acts, ch 1152, §35, 69

501.612 Merger.

Any two or more cooperatives may merge into one cooperative in the manner provided in this section. The board of directors of each cooperative shall, by resolution adopted by a majority vote of all members of each board, approve a plan of merger which shall set forth all of the following:

1. The names of the cooperatives proposing to merge and the name of the surviving cooperative.
2. The terms and conditions of the proposed merger.
3. A statement of any changes in the articles of association of the surviving cooperative.
4. Other provisions deemed necessary or desirable.

98 Acts, ch 1152, §36, 69

Footnotes

Merger with other business entities; §501A.1101501A.1103

501.613 Consolidation.

Any two or more cooperatives may be consolidated into a new cooperative as provided in this section. The board of directors of each cooperative shall, by resolution adopted by a majority vote of all members of each

board, approve a plan of consolidation setting forth:

1. The names of the cooperatives proposing to consolidate and the name of the new cooperative.
2. The terms and conditions of the proposed consolidation.
3. With respect to the new cooperative, all of the statements required to be set forth in articles of association for cooperatives.
4. Other provisions deemed necessary or desirable.

98 Acts, ch 1152, §37, 69

Footnotes

Consolidation with other business entities;
§501A.1101501A.1103

501.614 Vote of members.

1. The board of directors of a cooperative, upon approving a plan of merger or consolidation, shall, by motion or resolution, direct that the plan be submitted to a vote at a meeting of members, which may be either an annual or special meeting. Written notice shall be given not less than twenty days prior to the meeting, either personally or by mail, to each voting member of record. The notice shall state the time, place, and purpose of the meeting, and a summary of the plan of merger or consolidation shall be included in or enclosed with the notice.
2. At the meeting, a ballot of the members who are entitled to vote in the affairs of the association shall be taken on the proposed plan of merger or consolidation. The plan of merger or consolidation shall be approved if two-thirds of the members vote affirmatively on a ballot in which a majority of all voting members participate. Voting may be by mail ballot notwithstanding any contrary provision in the articles of association or bylaws.

98 Acts, ch 1152, §38, 69

501.615 Objection of members purchase of interests upon demand.

1. If a member of a cooperative which is a party to a merger or consolidation files with the cooperative, prior to or at the meeting of members at which the plan is submitted to a vote, a written objection to the plan of merger or consolidation, and votes in opposition to the plan, and the member, within twenty days after the merger or consolidation is approved by the other members, makes written demand on the surviving or new cooperative for payment of the fair value of that member's interest as of the day prior to the date on which the vote was taken approving the merger or consolidation, the surviving or new cooperative shall pay to the member, upon surrender of that person's certificate of membership or interests in the cooperative, the fair value of that person's interest as provided in section 501.616. A member who fails to make demand within the twenty-day period is conclusively presumed to have consented to the merger or consolidation and is bound by its terms.
2. In the event that a dissenting member does business with the surviving or new cooperative before payment has been made for that person's membership, the dissenting member is deemed to have consented to the merger or consolidation and to have waived all further rights as a dissenting member.

98 Acts, ch 1152, §39, 69

501.616 Value determined.

1. Within twenty days after the merger or consolidation is effected, the surviving or new cooperative shall make a written offer to each dissenting member to pay a specified sum deemed by the surviving or new cooperative to be the fair value of that dissenting member's interest in the old cooperative. This offer shall be accompanied by a balance sheet of the old cooperative as of the latest available date, a profit and loss statement of the old cooperative for the twelve-month period ending on the date of the balance sheet, and a list of the dissenting member's interests in the old cooperative. If the dissenting member does not agree that the sum stated in the notice represents the fair value of the member's interest, then the member may file a written objection with the surviving or new cooperative within twenty days after receiving the notice. A dissenting member who fails to file the objection within the twenty-day period is conclusively presumed to have consented to the fair value stated in the notice.

2. If the surviving or new cooperative receives any objections to fair values, then within ninety days after the merger or consolidation is effected, the surviving or new cooperative shall file a petition in district court asking for a finding and determination of the fair value of each type of equity. The action shall be tried as an equitable action.

3. The fair value of a dissenting member's interest in the old cooperative shall be determined as of the day preceding the merger or consolidation by taking the lesser of either the issue price of the dissenting member's membership, deferred patronage, and any other interests in the cooperative, or the amount determined by subtracting the old cooperative's debts from the fair market value of the old cooperative's assets, dividing the remainder by the total issue price of all memberships, deferred patronage, and all other interests, and then multiplying the quotient from this division by the total issue price of a dissenting member's membership, deferred patronage, and other interests.

4. The surviving or new cooperative shall pay to each dissenting member in cash within sixty days after the merger or consolidation the amount paid in cash by the dissenting member for that member's interest in the old cooperative. The surviving or new cooperative shall pay the remainder of each dissenting member's fair value in ten annual equal payments. The final payment must be made not later than fifteen years after the merger or consolidation. The value of the deferred patronage or interests issued to evidence deferred patronage shall be considered a liability of the surviving or new cooperative as reflected in the accounts of the surviving or new cooperative until the value of the deferred patronage or interests issued to evidence deferred patronage is paid in full to the dissenting member. A dissenting member who is a natural person who dies before receiving the fair value shall have all of the person's fair value paid with the same priority as if the person was a member at the time of death.

98 Acts, ch 1152, §40, 69

501.617 Articles of merger or consolidation.

Upon approval, articles of merger or articles of consolidation shall be executed by each cooperative as provided in section 501.105. The articles must include the following:

1. The plan of merger or the plan of consolidation.
2. As to each cooperative, the number of members.
3. As to each cooperative, the number of members who voted for and against the plan at the meeting called for that purpose.

The articles of merger or articles of consolidation shall be delivered to the secretary of state for filing.

The secretary of state, upon the filing of articles of merger or articles of consolidation, shall issue a certificate of merger or a certificate of consolidation and send the certificate to the surviving or new cooperative, or to its representative.

98 Acts, ch 1152, §41, 69

501.618 Effective date effect.

A merger or consolidation shall become effective upon the date that the certificate of merger or the certificate of consolidation is issued by the secretary of state, or the effective date specified in the articles of merger or articles of consolidation, whichever is later.

When a merger or consolidation has become effective:

1. The several cooperatives which are parties to the plan of merger or consolidation shall be a single cooperative, which, in the case of a merger, shall be that cooperative designated in the plan of merger as the surviving cooperative, and, in the case of consolidation, shall be that cooperative designated in the plan of consolidation as the new cooperative.
2. The separate existence of all cooperatives which are parties to the plan of merger or consolidation, except the surviving or new cooperative, shall cease.
3. The surviving or new cooperative shall have all the rights, privileges, immunities, and powers and shall be subject to all the duties and liabilities of a cooperative organized under this chapter.
4. The surviving or new cooperative shall possess all the rights, privileges, immunities, and franchises, public as well as private, of each of the merging or consolidating cooperatives.
5. All property, real, personal, and mixed, and all debts due on whatever account, including all choses in action, and all and every other interest, of or belonging to or due to each of the cooperatives merged or consolidated, shall be transferred to and vested in the surviving or new cooperative without further act or deed. The title to any real estate, or any interest in real estate vested in any of the cooperatives merged or consolidated, shall not revert or be in any way impaired by reason of the merger or consolidation.
6. A surviving or new cooperative shall be responsible and liable for all obligations and liabilities of each of the cooperatives merged or consolidated.
7. Any claim existing or action or proceeding pending by or against any of the cooperatives merged or consolidated may be prosecuted as if the merger or consolidation had not taken place, or the surviving or new cooperative may be substituted for the merged or consolidated cooperative. Neither the rights of creditors nor any liens upon the property of any cooperative shall be impaired by a merger or consolidation.
8. In the case of a merger, the articles of association of the surviving cooperative shall be deemed to be amended to the extent that changes in its articles of association are stated in the plan of merger. In the case of a consolidation, the statements set forth in the articles of consolidation which are required or permitted to be set forth in the articles of association of a cooperative shall be deemed to be the original articles of association of the new cooperative.
9. The aggregate amount of the net assets of the merging or consolidating cooperative which was available for the payment of distributions immediately prior to the merger or consolidation, to the extent that the amount is not transferred to stated capital by the issuance of interests or otherwise, shall continue to be available for the payment of distributions by the surviving or new cooperative.

98 Acts, ch 1152, §42, 69

501.619 Abandonment before filing.

At any time prior to the filing of the articles of merger or consolidation, the merger or consolidation may be abandoned pursuant to provisions set forth in the plan of merger or consolidation.

98 Acts, ch 1152, §43, 69

501.701 Records.

1. A cooperative shall keep as permanent records minutes of all meetings of its members and board of directors, a record of all actions taken by the members or board of directors without a meeting, and a record of all actions taken by a committee of the board of directors in place of the board of directors on behalf of the cooperative.
2. A cooperative shall maintain appropriate accounting records.
3. A cooperative or its agent shall maintain a record of its interest holders in a form that permits preparation of a list of the names and addresses of all interest holders in alphabetical order by class of interests showing the number and class of interests held by each.
4. A cooperative shall maintain its records in written form or in another form capable of conversion into written form within a reasonable time.
5. A cooperative shall keep a copy of the following records:
 - a.* Its articles or restated articles of association and all amendments to them currently in effect.
 - b.* Its bylaws or restated bylaws and all amendments to them currently in effect.
 - c.* Resolutions adopted by its board of directors creating one or more classes or series of interests, and fixing their relative rights, preferences, and limitations, if the interests issued pursuant to those resolutions are outstanding.
 - d.* The minutes of all members' meetings, and records of all action taken by members without a meeting, for the past three years.
 - e.* All written communications to interest holders generally within the past three years, including the financial statements furnished for the past three years under section 501.711.
 - f.* A list of the names and business addresses of its current directors and officers.
 - g.* Its most recent biennial report delivered to the secretary of state under section 501.713.

98 Acts, ch 1152, §44, 69; 99 Acts, ch 96, §42; 2000 Acts, ch 1022, §13

501.702 Inspection of records by interest holders.

1. An interest holder of a cooperative is entitled to inspect and copy, during regular business hours at the cooperative's principal office, any of the records of the cooperative described in section 501.701, subsection 5, if the interest holder gives the cooperative written notice of the interest holder's demand at least five business days before the date on which the interest holder wishes to inspect and copy.

2. An interest holder of a cooperative is entitled to inspect and copy, during regular business hours at a reasonable location specified by the cooperative, any of the following records of the cooperative if the interest holder meets the requirements of subsection 3 and gives the cooperative written notice of the interest holder's demand at least five business days before the date on which the interest holder wishes to inspect and copy any of the following:

a. Excerpts from minutes of any meeting of the board of directors, records of any action of a committee of the board of directors while acting in place of the board of directors on behalf of the cooperative, minutes of any meeting of the members, and records of action taken by the members or board of directors without a meeting, to the extent not subject to inspection under subsection 1 of this section.

b. Accounting records of the cooperative.

c. The record of interest holders.

3. An interest holder may inspect and copy the records described in subsection 2 only if:

a. The interest holder's demand is made in good faith and for a proper purpose.

b. The interest holder describes with reasonable particularity the interest holder's purpose and the records the interest holder desires to inspect.

c. The records are directly connected with the interest holder's purpose.

4. The right of inspection granted by this section shall not be abolished or limited by a cooperative's articles of association or bylaws.

5. This section does not affect either of the following:

a. The right of a member to obtain information under section 501.304 or the right of an interest holder to obtain information, if the interest holder is in litigation with the cooperative, to the same extent as any other litigant.

b. The power of a court, independently of this chapter, to compel the production of cooperative records for examination.

98 Acts, ch 1152, §45, 69; 99 Acts, ch 96, §43

501.703 Scope of inspection right.

1. An interest holder's agent or attorney has the same inspection and copying rights as the interest holder the agent or attorney represents.

2. The right to copy records under section 501.702 includes, if reasonable, the right to receive copies made by photographic, xerographic, or other technological means.

3. The cooperative may impose a reasonable charge, covering the costs of labor and material, for copies of any documents provided to the interest holder. The charge shall not exceed the estimated cost of production or reproduction of the records.

4. The cooperative may comply with an interest holder's demand to inspect the record of interest holders under section 501.702, subsection 2, paragraph "c", by providing the interest holder with a list of its interest holders that was compiled no earlier than the date of the interest holder's demand.

501.704 Court-ordered inspection.

1. If a cooperative does not allow an interest holder who complies with section 501.702, subsection 1, to inspect and copy any records required by that subsection to be available for inspection, the district court of the county where the cooperative's principal office or, if none in this state, its registered office is located may summarily order inspection and copying of the records demanded at the cooperative's expense upon application of the interest holder.
2. If a cooperative does not within a reasonable time allow an interest holder to inspect and copy any other records, the interest holder who complies with section 501.702, subsections 2 and 3, may apply to the district court in the county where the cooperative's principal office or, if not in this state, its registered office is located for an order to permit inspection and copying of the records demanded. The court shall dispose of an application under this subsection on an expedited basis.
3. If the court orders inspection and copying of the records demanded, it shall also order the cooperative to pay the interest holder's costs, including reasonable counsel fees, incurred to obtain the order unless the cooperative proves that it refused inspection in good faith because it had a reasonable basis for doubt about the right of the interest holder to inspect the records demanded.
4. If the court orders inspection and copying of the records demanded, it may impose reasonable restrictions on the use or distribution of the records by the demanding interest holder.

501.705 through 501.710 Reserved.

501.711 Financial statements for interest holders.

A cooperative shall prepare annual financial statements, which may be consolidated or combined statements of the cooperative and one or more of its subsidiaries, as appropriate, that include a balance sheet as of the end of the fiscal year and an income statement for that year. Upon written request from an interest holder, a cooperative, at its expense, shall furnish to that interest holder the financial statements requested. If the annual financial statements are reported upon by a public accountant, the report must accompany the financial statements.

501.712 Other reports to interest holders.

1. If a cooperative indemnifies or advances expenses to a director under sections 501.412 through 501.415 in connection with a proceeding by or in the right of the cooperative, the cooperative shall report the indemnification or advance in writing to the members with or before the notice of the next members' meeting.
2. If a cooperative issues or authorizes the issuance of interests for promissory notes or for promises to render services in the future, the cooperative shall report in writing to the members the number of interests authorized or issued, and the consideration received by the cooperative, with or before the notice of the next members' meeting.

501.713 Biennial report for secretary of state.

1. Each cooperative authorized to transact business in this state shall deliver to the secretary of state for filing a biennial report that sets forth all of the following:

- a.* The name of the cooperative.
- b.* The address of its registered office and the name of its registered agent at that office in this state, together with the consent of any new registered agent.
- c.* The address of its principal office.
- d.* The names and addresses of the president, secretary, treasurer, and one member of the board of directors.

2. Information in the biennial report must be current as of the first day of January of the year in which the report is due. The report shall be executed on behalf of the cooperative and signed as provided in section 501.105 or by any other person authorized by the board of directors of the cooperative.

3. The first biennial report shall be delivered to the secretary of state between January 1 and April 1 of the first even-numbered year following the calendar year in which a cooperative was organized. Subsequent biennial reports must be delivered to the secretary of state between January 1 and April 1 of the following even-numbered calendar years. A filing fee for the biennial report shall be determined by the secretary of state.

4. If a biennial report does not contain the information required by this section, the secretary of state shall promptly notify the reporting cooperative in writing and return the report to the cooperative for correction.

5. The secretary of state may provide for the change of registered office or registered agent on the form prescribed by the secretary of state for the biennial report, provided that the form contains the information required in section 501.106. If the secretary of state determines that a biennial report does not contain the information required by this section but otherwise meets the requirements of section 501.106 for the purpose of changing the registered office or registered agent, the secretary of state shall file the statement of change of registered office or registered agent, effective as provided in section 501.105, before returning the biennial report to the cooperative as provided in this section. A statement of change of registered office or agent pursuant to this subsection shall be executed by a person authorized to execute the biennial report.

98 Acts, ch 1152, §50, 69; 99 Acts, ch 96, §44; 2000 Acts, ch 1022, §14, 15

501.801 Dissolution by organizers or initial directors.

A majority of the organizers or initial directors of a cooperative that has not issued interests or has not commenced business may dissolve the cooperative by delivering to the secretary of state for filing articles of dissolution that set forth all of the following:

1. The name of the cooperative.
2. The date of its organization.
3. Either of the following:
 - a.* That none of the cooperative's interests have been issued.
 - b.* That the cooperative has not commenced business.

4. That no debt of the cooperative remains unpaid.
5. That the net assets of the cooperative remaining after winding up have been distributed in accordance with this chapter and the articles of association of the cooperative.
6. That a majority of the organizers or initial directors authorized the dissolution.

98 Acts, ch 1152, §51, 69

501.802 Dissolution by board of directors and members.

1. A cooperative's board of directors may propose dissolution for submission to the members.
2. For a proposal to dissolve to be adopted both of the following must apply:
 - a. The board of directors must recommend dissolution to the members unless the board of directors determines that because of conflict of interest or other special circumstances it should make no recommendation and communicates the basis for its determination to the members.
 - b. The members entitled to vote must approve the proposal to dissolve as provided in subsection 5.
3. The board of directors may condition its submission of the proposal for dissolution on any basis.
4. The cooperative shall notify each member of a meeting to consider dissolution in accordance with section 501.302. The notice must also state that the purpose, or one of the purposes, of the meeting is to consider dissolving the cooperative.
5. Unless the articles of association or the board of directors acting pursuant to subsection 3 require a greater vote or a vote by voting groups, the proposal to dissolve must be approved by a majority of all the votes entitled to be cast on that proposal in order to be adopted.

98 Acts, ch 1152, §52, 69

501.803 Articles of dissolution.

1. At any time after dissolution is authorized, the cooperative may dissolve by delivering to the secretary of state for filing articles of dissolution setting forth all of the following:
 - a. The name of the cooperative.
 - b. The date dissolution was authorized.
 - c. If dissolution was approved by the members, both of the following:
 - (1) The number of votes entitled to be cast on the proposal to dissolve.
 - (2) Either the total number of votes cast for and against dissolution or the total number of undisputed votes cast for dissolution and a statement that the number cast for dissolution was sufficient for approval.
2. A cooperative is dissolved upon the effective date of its articles of dissolution.

98 Acts, ch 1152, §53, 69

501.804 Revocation of dissolution.

1. A cooperative may revoke its dissolution within one hundred twenty days of the effective date of the dissolution.
2. Revocation of dissolution must be authorized in the same manner as the dissolution was authorized unless that authorization permitted revocation by action of the board of directors alone, in which event the board of directors may revoke the dissolution without member action.
3. After the revocation of dissolution is authorized, the cooperative may revoke the dissolution by delivering to the secretary of state for filing articles of revocation of dissolution, together with a copy of its articles of dissolution, that set forth all of the following:
 - a. The name of the cooperative.
 - b. The effective date of the dissolution that was revoked.
 - c. The date that the revocation of dissolution was authorized.
 - d. If the cooperative's board of directors or organizers revoked the dissolution, a statement to that effect.
 - e. If the cooperative's board of directors revoked a dissolution authorized by the members, a statement that revocation was permitted by action by the board of directors alone pursuant to that authorization.
 - f. If member action was required to revoke the dissolution, the information required by section 501.803, subsection 1, paragraph "c".
4. Revocation of dissolution is effective upon the effective date of the articles of revocation of dissolution.
5. When the revocation of dissolution is effective, it relates back to and takes effect as of the effective date of the dissolution as if the dissolution had never occurred.

98 Acts, ch 1152, §54, 69

501.805 Effect of dissolution.

1. A dissolved cooperative continues its existence but shall not carry on any business except that appropriate to wind up and liquidate its business and affairs, including any of the following:
 - a. Collecting its assets.
 - b. Disposing of its properties that will not be distributed in kind in accordance with this chapter and the cooperative's articles of association.
 - c. Discharging or making provision for discharging its liabilities.
 - d. Distributing its remaining property in accordance with this chapter and the cooperative's articles of association.
 - e. Doing every other act necessary to wind up and liquidate its business and affairs.
2. Dissolution of a cooperative does not do any of the following:

- a.* Transfer title to the cooperative's property.
- b.* Prevent transfer of its interests, although the authorization to dissolve may provide for closing the cooperative's interest transfer records.
- c.* Subject its directors or officers to standards of conduct different from those prescribed in section 501.406.
- d.* Change quorum or voting requirements for its board of directors or members; change provisions for selection, resignation, or removal of its directors or officers or both; or change provisions for amending its bylaws.
- e.* Prevent commencement of a proceeding by or against the cooperative in its name.
- f.* Abate or suspend a proceeding pending by or against the cooperative on the effective date of dissolution.
- g.* Terminate the authority of the registered agent of the cooperative.

98 Acts, ch 1152, §55, 69

501.806 Distribution of assets.

Upon the cooperative's dissolution, the cooperative's assets shall first be used to pay expenses necessary to carry out the dissolution and liquidation of assets, then be used to pay the cooperative's obligations other than the payment of deferred patronage or interests issued as deferred patronage, and the remainder shall be paid in the manner set forth in the cooperative's articles of association.

98 Acts, ch 1152, §56, 69

501.807 Known claims against dissolved cooperative.

1. A dissolved cooperative may dispose of the known claims against it by following the procedure described in this section.
2. The dissolved cooperative shall notify its known claimants in writing of the dissolution at any time after the effective date of the dissolution. The written notice must do all of the following:
 - a.* Describe information that must be included in a claim.
 - b.* Provide a mailing address where a claim may be sent.
 - c.* State the deadline, which shall not be fewer than one hundred twenty days from the effective date of the written notice, by which the dissolved cooperative must receive the claim.
 - d.* State that the claim will be barred if not received by the deadline.
3. A claim against the dissolved cooperative is barred if either of the following occur:
 - a.* A claimant who was given written notice under subsection 2 does not deliver the claim to the dissolved cooperative by the deadline.
 - b.* A claimant whose claim was rejected by the dissolved cooperative does not commence a proceeding to enforce the claim within ninety days from the effective date of the rejection notice.

4. For purposes of this section, "*claim*" does not include a contingent liability or a claim based on an event occurring after the effective date of dissolution.

98 Acts, ch 1152, §57, 69

501.808 Unknown claims against dissolved cooperative.

1. A dissolved cooperative may also publish notice of its dissolution and request that persons with claims against the cooperative present them in accordance with the notice.

2. The notice must meet all of the following requirements:

a. Be published one time in a newspaper of general circulation in the county where the dissolved cooperative's principal office or, if not in this state, its registered office is or was last located.

b. Describe the information that must be included in a claim and provide a mailing address where the claim may be sent.

c. State that a claim against the cooperative will be barred unless a proceeding to enforce the claim is commenced within five years after the publication of the notice.

3. If the dissolved cooperative publishes a newspaper notice in accordance with subsection 2, the claim of each of the following claimants is barred unless the claimant commences a proceeding to enforce the claim against the dissolved cooperative within five years after the publication date of the newspaper notice:

a. A claimant who did not receive written notice under section 501.807.

b. A claimant whose claim was timely sent to the dissolved cooperative but not acted on.

c. A claimant whose claim is contingent or based on an event occurring after the effective date of dissolution.

4. A claim may be enforced under this section in either of the following ways:

a. Against the dissolved cooperative, to the extent of its undistributed assets.

b. If the assets have been distributed in liquidation, against an interest holder of the dissolved cooperative to the extent of the interest holder's pro rata share of the claim or the cooperative assets distributed to the interest holder in liquidation, whichever is less, but an interest holder's total liability for all claims under this section shall not exceed the total amount of assets distributed to the interest holder in liquidation.

98 Acts, ch 1152, §58, 69

501.809 and 501.810 Reserved.

501.811 Grounds for administrative dissolution.

The secretary of state may commence a proceeding under section 501.812 to administratively dissolve a cooperative if any of the following apply:

1. The cooperative has not delivered a biennial report to the secretary of state in a form that meets the requirements of section 501.713, within sixty days after it is due, or has not paid the filing fee as determined by the secretary of state, within sixty days after it is due.

2. The cooperative is without a registered agent or registered office in this state for sixty days or more.
3. The cooperative does not notify the secretary of state within sixty days that its registered agent or registered office has been changed, that its registered agent has resigned, or that its registered office has been discontinued.
4. The cooperative's period of duration stated in its articles of association expires.

98 Acts, ch 1152, §59, 69; 2000 Acts, ch 1022, §16

501.812 Procedure for and effect of administrative dissolution.

1. If the secretary of state determines that one or more grounds exist under section 501.811 for dissolving a cooperative, the secretary of state shall serve the cooperative with written notice of the secretary of state's determination under section 501.106.
2. If the cooperative does not correct each ground for dissolution or demonstrate to the reasonable satisfaction of the secretary of state that each ground determined by the secretary of state does not exist within sixty days after service of the notice is perfected under section 501.106, the secretary of state shall administratively dissolve the cooperative by signing a certificate of dissolution that recites the ground or grounds for dissolution and its effective date. The secretary of state shall file the original of the certificate and serve a copy on the cooperative under section 501.106.
3. A cooperative administratively dissolved continues its existence but shall not carry on any business except that necessary to wind up and liquidate its business and affairs under section 501.805 and notify claimants under sections 501.807 and 501.808.
4. The administrative dissolution of a cooperative does not terminate the authority of its registered agent.
5. The secretary of state's administrative dissolution of a cooperative pursuant to this section appoints the secretary of state the cooperative's agent for service of process in any proceeding based on a cause of action which arose during the time the cooperative was authorized to transact business in this state. Service of process on the secretary of state under this subsection is service on the cooperative. Upon receipt of process, the secretary of state shall serve a copy of the process on the cooperative as provided in section 501.106. This subsection does not preclude service on the cooperative's registered agent, if any.

98 Acts, ch 1152, §60, 69

501.813 Reinstatement following administrative dissolution.

1. A cooperative administratively dissolved under section 501.812 may apply to the secretary of state for reinstatement within two years after the effective date of dissolution. The application must meet all of the following requirements:
 - a. Recite the name of the cooperative at its date of dissolution and the effective date of its administrative dissolution.
 - b. State that the ground or grounds for dissolution have been eliminated.
 - c. State a name that satisfies the requirements of section 501.104.
 - d. State the federal tax identification number of the cooperative.

2. *a.* The secretary of state shall refer the federal tax identification number contained in the application for reinstatement to the department of revenue. The department of revenue shall report to the secretary of state the tax status of the cooperative. If the department reports to the secretary of state that a filing delinquency or liability exists against the cooperative, the secretary of state shall not cancel the certificate of dissolution until the filing delinquency or liability is satisfied.

b. If the secretary of state determines that the application contains the information required by subsection 1, and that a delinquency or liability reported pursuant to paragraph "*a*" has been satisfied, and that the information is correct, the secretary of state shall cancel the certificate of dissolution and prepare a certificate of reinstatement that recites the secretary of state's determination and the effective date of reinstatement, file the original of the certificate, and serve a copy on the cooperative under section 501.106. If the name of the cooperative as provided in subsection 1, paragraph "*c*", is different than the name in subsection 1, paragraph "*a*", the certificate of reinstatement shall constitute an amendment to the articles of association insofar as it pertains to the name.

3. When the reinstatement is effective, it relates back to and takes effect as of the effective date of the administrative dissolution as if the administrative dissolution had never occurred.

98 Acts, ch 1152, §61, 69; 2003 Acts, ch 145, §286

501.814 Appeal from denial of reinstatement.

1. If the secretary of state denies a cooperative's application for reinstatement following administrative dissolution, the secretary of state shall serve the cooperative under section 501.106 with a written notice that explains the reason or reasons for denial.

2. The cooperative may appeal the denial of reinstatement to the district court within thirty days after service of the notice of denial is perfected. The cooperative appeals by petitioning the court to set aside the dissolution and attaching to the petition copies of the secretary of state's certificate of dissolution, the cooperative's application for reinstatement, and the secretary of state's notice of denial.

3. The court may summarily order the secretary of state to reinstate the dissolved cooperative or may take other action the court considers appropriate.

4. The court's final decision may be appealed as in other civil proceedings.

98 Acts, ch 1152, §62, 69

501.815 through 501.820 Reserved.

501.821 Grounds for judicial dissolution.

The district court may dissolve a cooperative in any of the following ways:

1. A proceeding by the attorney general, if it is established that either of the following apply:

a. The cooperative obtained its articles of association through fraud.

b. The cooperative has continued to exceed or abuse the authority conferred upon it by law.

2. A proceeding by a member if it is established that any of the following conditions exist:

a. The directors are deadlocked in the management of the cooperative's affairs, the members are unable to

break the deadlock, and either irreparable injury to the cooperative is threatened or being suffered, or the business and affairs of the cooperative can no longer be conducted to the advantage of the interest holders generally, because of the deadlock.

b. The directors or those in control of the cooperative have acted, are acting, or will act in a manner that is illegal, oppressive, or fraudulent.

c. The members are deadlocked in voting power and have failed, for a period that includes at least two consecutive annual meeting dates, to elect successors to directors whose terms have expired.

d. The cooperative's assets are being misapplied or wasted.

3. A proceeding by a creditor if it is established that either of the following apply:

a. The creditor's claim has been reduced to judgment, the execution on the judgment returned unsatisfied, and the cooperative is insolvent.

b. The cooperative has admitted in writing that the creditor's claim is due and owing and the cooperative is insolvent.

4. A proceeding by the cooperative to have its voluntary dissolution continued under court supervision.

98 Acts, ch 1152, §63, 69

501.822 Procedure for judicial dissolution.

1. Venue for a proceeding by the attorney general to dissolve a cooperative lies in Polk county district court. Venue for a proceeding brought by any other party named in section 501.821 lies in the county where a cooperative's principal office or, if not in this state, its registered office is or was last located.

2. It is not necessary to make interest holders parties to a proceeding to dissolve a cooperative unless relief is sought against them individually.

3. A court in a proceeding brought to dissolve a cooperative may issue injunctions, appoint a receiver or custodian pendente lite with all powers and duties the court directs, take other action required to preserve the cooperative's assets wherever located, and carry on the business of the cooperative until a full hearing can be held.

98 Acts, ch 1152, §64, 69

501.823 Receivership or custodianship.

1. A court in a judicial proceeding brought to dissolve a cooperative may appoint one or more receivers to wind up and liquidate, or one or more custodians to manage, the business and affairs of the cooperative. The court shall hold a hearing, after notifying all parties to the proceeding and any interested persons designated by the court, before appointing a receiver or custodian. The court appointing a receiver or custodian has exclusive jurisdiction over the cooperative and all its property wherever located.

2. The court may appoint an individual or a domestic or foreign corporation authorized to transact business in this state as a receiver or custodian. The court may require the receiver or custodian to post bond, with or without sureties, in an amount the court directs.

3. The court shall describe the powers and duties of the receiver or custodian in its appointing order, which

may be amended from time to time.

a. Among other powers, the receiver may do any of the following:

(1) Dispose of all or any part of the assets of the cooperative wherever located, at a public or private sale, if authorized by the court.

(2) Sue and defend in the receiver's own name as receiver of the cooperative in all courts of this state.

b. The custodian may exercise all of the powers of the cooperative, through or in place of its board of directors or officers, to the extent necessary to manage the affairs of the cooperative in the best interests of its interest holders and creditors.

4. The court during a receivership may redesignate the receiver a custodian, and during a custodianship may redesignate the custodian a receiver, if doing so is in the best interests of the cooperative, its interest holders, and creditors.

5. The court from time to time during the receivership or custodianship may order compensation paid and expense disbursements or reimbursements made to the receiver or custodian and the receiver's or custodian's counsel from the assets of the cooperative or proceeds from the sale of the assets.

98 Acts, ch 1152, §65, 69

501.824 Decree of dissolution.

1. If after a hearing the court determines that one or more grounds for judicial dissolution described in section 501.821 exist, it may enter a decree dissolving the cooperative and specifying the effective date of the dissolution, and the clerk of the district court shall deliver a certified copy of the decree to the secretary of state, who shall file it.

2. After entering the decree of dissolution, the court shall direct the winding up and liquidation of the cooperative's business and affairs in accordance with section 501.805 and the notification of claimants in accordance with sections 501.807 and 501.808.

98 Acts, ch 1152, §66, 69

501.825 through 501.830 Reserved.

501.831 Deposit with state treasurer.

Assets of a dissolved cooperative that should be transferred to a creditor, claimant, or interest holder of the cooperative who cannot be found or who is not competent to receive them shall be reduced to cash and deposited with the treasurer of state or other appropriate state official for safekeeping. When the creditor, claimant, or interest holder furnishes satisfactory proof of entitlement to the amount deposited, the treasurer of state or other appropriate state official shall pay the creditor, claimant, or interest holder or that person's representative the amount.

98 Acts, ch 1152, §67, 69