

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, §30 – 32, 69