

HB3830



99TH GENERAL ASSEMBLY

State of Illinois

2015 and 2016

HB3830

by Rep. Will Guzzardi

SYNOPSIS AS INTRODUCED:

New Act
805 ILCS 310/Act rep.

Creates the Illinois Cooperative Act. Repeals the Co-operative Act. Provides for the organization, operation, and regulation of cooperatives. Provides that cooperatives are not-for-profit entities. Sets forth requirements for articles of incorporation, amendments, number of incorporators, and voting rights. Provides for regulation by the Secretary of State. Sets forth requirements for directors. Defines terms. Provides for liquidation, consolidation, and dissolution of cooperatives.

LRB099 09561 JLS 29770 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning business.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the
5 Illinois Cooperative Act.

6 Section 5. Definitions. In this Act:

7 "Association" means any corporation organized under this
8 Act.

9 "Board" means the board of directors of an association.

10 "Cooperative" means an association or a foreign
11 association.

12 "Entity", except as otherwise provided, means a foreign
13 association, a foreign or domestic corporation other than a
14 cooperative, or a foreign or domestic limited liability
15 company.

16 "Foreign association" means a corporation organized under
17 the cooperative laws of another state or the District of
18 Columbia or a foreign corporation organized under corporation
19 laws of another state, the District of Columbia, or the United
20 States that operates on a cooperative basis.

21 "Marketing agreement" means an agreement, contract, or
22 other arrangement between a cooperative and a member in which
23 the member agrees to market all or a part of the products or

1 produce produced by the member, or agrees to purchase all or a
2 part of the member's requirements for inputs, services, or
3 supplies.

4 "Member" means a person who has been qualified and accepted
5 into membership in a cooperative.

6 "Membership stock" means any class of stock or other equity
7 interest in a cooperative, continuous ownership of which is
8 required for membership in the cooperative.

9 "Patron" means a person with which a cooperative has made
10 an enforceable agreement to allocate and distribute a per unit
11 retain, patronage dividend, or patronage refund with respect to
12 business conducted by the cooperative with or for the person.

13 "Patronage stock" means any stock or other equity interest
14 in a cooperative that was originally issued by the cooperative
15 with respect to patronage transactions.

16 "Person" includes a natural person, partnership,
17 corporation, cooperative, or other entity.

18 "Producer" means a person engaged in the production of
19 agricultural products for the market.

20 Section 10. Purposes; deemed not-for-profit.

21 (a) An association may be organized under this Act for any
22 lawful purpose permitted to corporations by the laws of this
23 State, except any such purpose that is inconsistent with the
24 provisions of this Act, the Business Corporation Act of 1983,
25 or the General Not For Profit Corporation Act of 1986. This

1 Section does not authorize any professional services otherwise
2 prohibited by law.

3 (b) Associations shall be corporations that are deemed
4 not-for-profit because they are not organized for the purpose
5 of making a profit for themselves as such, or for the purpose
6 of making a profit for their members as such, but for their
7 members as patrons. This Act and not the General Not For Profit
8 Corporation Act of 1986 shall govern associations.

9 (c) A municipal power agency organized under the Illinois
10 Municipal Code is not an association for the purposes of this
11 Act.

12 Section 15. Powers of an association. An association
13 incorporated under this Act shall have the following powers:

14 (1) It may make contracts, incur liabilities, and borrow
15 money; issue capital stock and other equity interests and issue
16 certificates therefor; acquire property; and dispose of,
17 mortgage, pledge, lease, or otherwise use in any manner, any of
18 its property, or any interest in its property, wherever
19 situated.

20 (2) It may invest its funds, lend money for its purposes,
21 and hold any property as security for repayment.

22 (3) It may act as the agent or representative of any
23 members or other patrons in any activities authorized by this
24 Act.

25 (4) It may conduct its business and affairs, have offices,

1 and exercise its power in the United States or in any foreign
2 country.

3 (5) It may establish reserves and invest these funds.

4 (6) It may buy, hold, and exercise all privileges of
5 ownership over such real or personal property as is necessary,
6 convenient, or incidental to the conduct of any authorized
7 business of the association.

8 (7) It may establish, secure, own, and develop patents,
9 trademarks, copyrights, service marks, and other intellectual
10 property.

11 (8) Notwithstanding the provisions of the Uniform
12 Disposition of Unclaimed Property Act, it may effectuate the
13 forfeiture of any unclaimed stock or other equity interests,
14 dividends, and patronage allocations, for which the owner
15 cannot be found after a period of 3 years. Notice of the
16 existence of unclaimed stock or other equity interests and a
17 request for written acknowledgment from the owner to the
18 association shall be evidence of a bona fide attempt to deliver
19 the unclaimed stock or other equity interests to the owner. If
20 the notice is not acknowledged within 30 days after the notice
21 is sent or within the period specified in the notice, if
22 longer, all such unclaimed stock or other equity interests
23 specified in the notice are forfeited and become the property
24 of the association.

25 (9) It may make donations for charitable, scientific,
26 educational, community development, or religious purposes, and

1 may use all or part of the funds forfeited to the association
2 under item (8) for these purposes.

3 (10) It may do everything necessary, suitable, or proper
4 for the accomplishment of any of the purposes enumerated in
5 this Section. In addition it may exercise and possess all
6 powers, rights, and privileges necessary or incidental to the
7 purposes for which the association is organized or to the
8 activities in which it is engaged, and any other powers,
9 rights, and privileges granted to corporations by the laws of
10 this State, except as are inconsistent with the express
11 provisions of this Act.

12 Section 20. Use of words in name; prohibition.

13 (a) The name of any association organized under this Act
14 shall include the word or abbreviation "cooperative," "coop,"
15 "co-operative", "co-op", "association", "assn.", "company",
16 "co.", "incorporated", "inc.", "corporation", or "corp."

17 (b) No corporation or other person organized or applying to
18 do business in this State shall use the word or abbreviation
19 "cooperative," "coop," "co-operative," or "co-op" as a part of
20 its corporate or other business name or title, unless at least
21 one of the following applies:

22 (1) It is organized under this Act or has converted to
23 an association under this Act.

24 (2) It is organized and operating on a cooperative
25 basis under the General Not For Profit Corporation Act of

1 1986 or the Agricultural Co-Operative Act, or it is
2 organized and operating for the purpose of ownership or
3 administration of residential property on a cooperative
4 basis.

5 (3) It is organized and operating in accordance with
6 the cooperative laws of another state, the District of
7 Columbia, or the United States.

8 (4) It is a state or federally chartered credit union.

9 Section 25. Number of incorporators; statutory agent.

10 (a) Two or more individuals may form an association under
11 this Act.

12 (b) An association shall have and maintain a statutory
13 agent upon whom any process, notice, or demand against the
14 association may be served. The agent shall be one of the
15 following:

16 (1) A natural person who is a resident of this State.

17 (2) A domestic or foreign corporation, not-for-profit
18 corporation, limited liability company, partnership,
19 limited partnership, limited liability partnership,
20 limited partnership association, professional association,
21 business trust, or unincorporated not-for-profit
22 association that has a business address in this State. If
23 the agent is an entity other than a domestic corporation,
24 the agent shall meet the requirements of Illinois law for
25 an entity of the agent's type to transact business or

1 exercise privileges in this State.

2 (c) Whenever appointment or designation of a statutory
3 agent is required by this Act, the appointment or designation
4 shall be on a form prescribed by the Secretary of State for the
5 administration of this Act.

6 Section 30. Articles of incorporation.

7 (a) The articles of incorporation of an association shall
8 set forth all of the following:

9 (1) The name of the association.

10 (2) The association's purposes, as permitted by this
11 Act. It is sufficient to state in the articles that the
12 association may engage in any activity within the purposes
13 for which associations may be organized under this Act.

14 (3) The county and municipal corporation or township
15 where the association's principal place of business will be
16 located which need not be within this State.

17 (4) The names and addresses of the incorporators.

18 (5) The number of its directors or a statement that the
19 number of directors shall be as specified in the bylaws.

20 (6) The names and addresses of those who are to serve
21 as directors until the first meeting of members or until
22 the election and qualification of their successors.

23 (7) Whether the association is organized with or
24 without capital stock and:

25 (A) if the association is organized without

1 capital stock, the articles shall set forth the general
2 rules by which the property rights and interests of
3 each member are to be determined; and

4 (B) if the association is organized with capital
5 stock, the total amount of the stock, the number and
6 par value of the shares, and dividend rights, if any;
7 if there is more than one class of stock, the articles
8 shall set forth a statement of the number of shares in
9 each class and a statement of the designations,
10 preferences, rights, and limitations of the shares in
11 each class.

12 (b) The articles may include additional provisions,
13 consistent with law, including provisions that are required or
14 permitted to be set forth in the bylaws.

15 (c) The articles shall be signed by the incorporators and
16 filed with the Secretary of State in accordance with Section
17 55. The articles shall be accompanied by the appointment of a
18 statutory agent in accordance with Section 25. The legal
19 existence of an association begins upon the filing of the
20 articles and, unless the articles provide otherwise, its period
21 of existence is perpetual.

22 Section 35. Amendment or restatement of articles.

23 (a) The articles of incorporation of an association may be
24 altered or amended at any regular meeting of the association or
25 at any special meeting called for that purpose, provided that

1 the text of the proposed change, or a general description of
2 the change, is contained in the notice of the meeting. An
3 amendment shall first be approved by two-thirds of the
4 directors and shall then be adopted by an affirmative vote of
5 60% of the member votes cast on the amendment or, if the
6 articles provide or permit, by the affirmative vote of a
7 greater majority or by the affirmative vote of a simple
8 majority of all member votes eligible to be cast on the
9 amendment.

10 (b) Amendments to the articles of incorporation, when so
11 adopted, shall be filed in accordance with Section 55.

12 (c) The board of an association may adopt a restatement of
13 the articles without a member vote if the restatement merely
14 incorporates amendments previously approved by the board and
15 adopted by the members. An association may, by action taken in
16 the manner required for an amendment, adopt restated articles
17 that contain amendments made at the time of the restatement.
18 Restated articles shall state that they are restated, or
19 restated and amended, if amendments are adopted with the
20 restatement, and shall supersede the existing articles and
21 amendments. Restated articles shall meet the requirements of
22 Section 30, except that the names and addresses of the
23 incorporators and initial directors may be omitted. A
24 restatement of the articles shall be filed in the manner
25 prescribed for an amendment of the articles.

26 (d) Except as provided in the articles of incorporation,

1 the board may adopt an amendment to the articles of
2 incorporation without a member vote in any of the following
3 cases:

4 (1) to change the principal place of business of the
5 association;

6 (2) to designate and determine the rights and
7 restrictions of a series within a class of capital stock,
8 if permitted by the articles;

9 (3) to reduce the authorized number of shares of any
10 class or series of capital stock to any number down to and
11 including the number of the shares issued and outstanding,
12 and to assign the authorization for the number of shares so
13 reduced to another class or classes of capital stock
14 previously authorized;

15 (4) after a merger, consolidation, conversion,
16 division, or occurrence of any other contingent event
17 referred to in the articles of incorporation, to eliminate
18 from the articles any statement or provision pertaining
19 exclusively to the merger, consolidation, conversion,
20 division, or occurrence, and to make other changes required
21 by such elimination, but only after the deleted item has
22 been superseded in accordance with the articles of
23 incorporation or otherwise is no longer in effect.

24 Section 40. Voting on amendment.

25 (a)(1) Unless the board provides that division (a)(3) of

1 this Section applies to an amendment to the articles of
2 incorporation, a holder of stock other than membership stock or
3 patronage stock who is affected by a proposed amendment to the
4 articles shall be entitled to cast one vote on the amendment
5 regardless of the par or stated value of the stock, the number
6 of shares, or the number of affected classes of stock held.

7 (2) A member holding stock affected by a proposed amendment
8 may vote only as a member and shall not be entitled to vote or
9 demand fair cash value as an affected stockholder.

10 (3) The board may provide that a stockholder otherwise
11 entitled to vote under division (a)(1) of this Section shall
12 instead be entitled to payment of fair cash value of the
13 affected stock held by such stockholder in accordance with
14 Section 170.

15 (b) For purposes of this Section, a holder of stock is
16 affected as to any class of stock owned by the holder only if
17 an amendment would expressly do any of the following:

18 (1) decrease the dividends to which that class may be
19 entitled or change the method by which the dividend rate on
20 that class is fixed;

21 (2) further restrict rights to transfer that class;

22 (3) give to another existing or any new class of stock
23 or equity interest not previously entitled thereto any
24 preference, as to dividends or upon dissolution, that is
25 higher than preferences of that class;

26 (4) change the par value of shares of that class or of

1 any other class having the same or higher preferences as to
2 dividends or upon dissolution;

3 (5) increase the number of authorized shares of any
4 class having a higher preference as to dividends or upon
5 dissolution; or

6 (6) require or permit an exchange of shares of any
7 class with lower preferences as to dividends or upon
8 dissolution for shares of any other class with higher
9 preferences.

10 (c) If any proposed amendment will alter or change the
11 powers, preferences, or special rights of one or more series of
12 any class so as to affect them adversely, but shall not so
13 affect the entire class, then only the shares of the series so
14 affected by the amendment shall be considered a separate class
15 for the purposes of subsection (b) of this Section.

16 (d) If stockholders are entitled to vote on an amendment,
17 the amendment is adopted only if all of the following
18 conditions are met:

19 (1) notice of the meeting, an exact copy of the
20 proposed amendment, and a ballot on the amendment have been
21 sent to each affected stockholder;

22 (2) approval by the members under Section 35; and

23 (3) approval by a simple majority of the affected
24 stockholders present and voting at a meeting of the
25 stockholders.

26 (c) This Section does not apply to stock issued prior to

1 the effective date of this Act, unless the association adopts
2 an amendment to its articles of incorporation making the stock
3 subject to this Section. As to such stock, an amendment shall
4 first be approved by two-thirds of the directors and shall then
5 be adopted by a vote representing a majority of all the members
6 of the association.

7 Section 45. Evidence of incorporation.

8 (a) A copy of the association's articles of incorporation
9 or amended articles filed in the office of the Secretary of
10 State, and certified by the Secretary of State, is conclusive
11 evidence, except as against the State, that the association has
12 been incorporated under the laws of this State; and a copy
13 certified by the Secretary of State of any certificate of
14 amendment or other certificate is prima-facie evidence of such
15 amendment or of the facts stated in the certificate, and of the
16 observance and performance of all antecedent conditions
17 necessary to the action that the certificate purports to
18 evidence.

19 (b) A copy of amended articles filed in the office of the
20 Secretary of State, and certified by the Secretary of State,
21 shall be accepted in this State and other jurisdictions in lieu
22 of the original articles, amendments to the articles, and prior
23 amended articles.

24 (c) The original or a copy of the record of minutes of the
25 proceedings of the incorporators of an association, or of the

1 proceedings or meetings of the members or any class of
2 stockholders, or of the directors, or of any committee thereof,
3 including any written consent, waiver, release, or agreement
4 entered in such record or minutes, or the original or a copy of
5 a statement that no specified proceeding was had or that no
6 specified consent, waiver, release, or agreement exists,
7 shall, when certified to be true by the secretary or an
8 assistant secretary of an association, be received in the
9 courts as prima-facie evidence of the facts stated therein.
10 Every meeting referred to in the certified original or copy is
11 considered duly called and held, and all motions and
12 resolutions adopted and proceedings had at the meeting are
13 considered duly adopted and had, and all elections of directors
14 and all elections or appointments of officers chosen at the
15 meeting are considered valid, until the contrary is proved; and
16 whenever a person who is not a member, patron, or stockholder
17 of an association has acted in good faith in reliance upon any
18 such certified original or copy, it is conclusive in that
19 person's favor.

20 Section 50. Reinstatement of association.

21 (a) An association whose articles of incorporation have
22 been canceled or an association that has been dissolved in a
23 manner other than for a voluntary dissolution as provided in
24 Section 180, or a judicial dissolution, may be reinstated by
25 filing, on a form prescribed by the Secretary of State for the

1 administration of this Act, an application for reinstatement
2 and the required appointment of a statutory agent, and by
3 paying a filing fee of \$10.

4 (b) Upon reinstatement of an association's articles of
5 incorporation, the rights, privileges, and franchises,
6 including all real or personal property rights and credits and
7 all contract and other rights, of the association existing at
8 the time that its articles were canceled or the dissolution
9 became effective shall continue in effect as if the articles
10 had not been canceled or the dissolution had not occurred; and
11 the association shall again be entitled to exercise the rights,
12 privileges, and franchises authorized by its articles.

13 Section 55. Filing articles and certificates of amendment.

14 (a) For filing articles of incorporation or a certificate
15 of amendment of articles or a certificate of merger,
16 consolidation, division, or dissolution, an association
17 organized under this Act shall pay to the Secretary of State
18 the same fees required of corporations organized under the
19 Business Corporation Act of 1983. In the case of a certificate
20 of division, the filing fee shall be the same as for a
21 certificate of merger or consolidation.

22 (b) When the articles of incorporation, or a certificate of
23 amendment of articles, or a certificate of merger,
24 consolidation, conversion, division, or dissolution is filed
25 with the Secretary of State, the Secretary of State shall, if

1 the articles or certificate complies with this Act, endorse
2 approval thereon, the date of filing, a file number, and make a
3 legible copy thereof by any authorized method. The original or
4 a copy of the articles or certificate, certified by the
5 Secretary of State, shall be returned to the person filing the
6 articles or certificate, who shall within 15 days file such
7 document for record in the office of the recorder of the county
8 in which the registered office of the corporation in this State
9 is situated.

10 (c) All persons shall have the opportunity to acquire a
11 copy of the articles and other certificates filed and recorded
12 in the office of the Secretary of State, but no person dealing
13 with the association shall be charged with constructive notice
14 of the contents of any such articles or certificates by reason
15 of the filing or recording.

16 Section 60. Dividends; stock; security interest.

17 (a) An association may pay dividends annually on its
18 capital stock at a rate not exceeding 8% of its par value for
19 any year, but dividends may be cumulative. The realized net
20 earnings of the cooperative, to the extent attributable to
21 business done with or for its patrons, shall be allocated and
22 distributed among patrons in proportion to their patronage and
23 in such manner and at such time as to constitute patronage
24 dividends within the meaning of federal income tax law.

25 (b) Notwithstanding subsection (a), the articles or bylaws

1 may provide for any of the following:

2 (1) that eligibility for patronage dividends is
3 limited to members or to members in good standing;

4 (2) that the net earnings of the cooperative shall be
5 retained for the capital and development needs of the
6 cooperative and the improvement and extension of its
7 services;

8 (3) that the number of allocation units of the
9 cooperative shall be limited in any reasonable and
10 equitable manner; or

11 (4) that patronage-sourced net operating losses of the
12 cooperative shall not be allocated to patrons but shall be
13 carried forward to offset patronage-sourced net earnings
14 of subsequent years.

15 (c) An association, at any time, may purchase its own
16 common stock at par or book value as determined by the board.

17 (d) An association shall have a continued perfected
18 security interest in its membership stock and patronage stock
19 to secure payment of any indebtedness or other obligation of
20 the holder or owner to the association. Notwithstanding
21 Articles 8 and 9 of the Uniform Commercial Code, the security
22 interest shall have priority over all other perfected security
23 interests. Unless otherwise provided in the association's
24 articles of incorporation or bylaws, or by contract, a member
25 or other patron has no right to compel an association to offset
26 its membership stock or patronage stock against any

1 indebtedness or obligation owed to the association.

2 Section 65. Bylaws. An association shall adopt bylaws that
3 are not inconsistent with this Act or the association's
4 articles of incorporation. The bylaws may provide for any of
5 the following:

6 (1) The time, place, and manner of calling and
7 conducting the association's meetings.

8 (2) The number of members constituting a quorum. If
9 voting by any method other than personal appearance is
10 used, members represented by a ballot may be counted in
11 computing a quorum only on those matters for which the
12 ballots were submitted.

13 (3) The right of members to vote by ballot delivered in
14 person, by mail, by electronic or telephonic transmittal,
15 or any combination of these, and the conditions, manner,
16 form, and effect of such votes.

17 (4) Subject to the provisions of Section 75, a method
18 of voting by members or delegates, and any limitations on
19 voting rights of any group or class of members or
20 delegates.

21 (5) The number of directors constituting a quorum.

22 (6) The number, qualifications, compensation, duties,
23 and terms of office of directors and officers, and the time
24 of their election and the manner of giving notice of the
25 election.

1 (7) Penalties for violation of the bylaws.

2 (8) The amounts of entrance, organization, and
3 membership fees, if any, the manner of collecting them, and
4 the purposes for which they may be used, or the par value
5 and number of shares required for membership, if any.

6 (9) Any amount that each member is required to pay
7 annually or from time to time to carry on the business of
8 the association; any charge to be paid by each member for
9 services rendered by the association, and the time of
10 payment and the manner of collection of such charge; and
11 any marketing contract between the association and its
12 members that members may be required to sign.

13 (10) The number and qualifications of members of the
14 association and the conditions of membership or for
15 ownership of membership stock in the association.

16 (11) The time and manner of permitting members to
17 withdraw or the holders of membership stock to transfer
18 their stock; and the manner of assignment and transfer of
19 membership stock.

20 (12) The conditions upon which, and the time when, the
21 membership of any member ceases; and the suspension of the
22 rights of a member who ceases to be eligible for membership
23 in the association.

24 (13) The manner and effect of the expulsion of a
25 member.

26 (14) In the event of the death or withdrawal of a

1 member or upon the expulsion of a member or the forfeiture
2 of membership, any of the following:

3 (A) the manner of determining the value of a
4 member's interest;

5 (B) provision for the purchase of a member's
6 interest by the association; or

7 (C) at the option of the association, provision for
8 such purchase at a price fixed by appraisal by the
9 board of directors of the association.

10 (15) Any other provision for any matter relative to the
11 control, regulation, operation, management, or government
12 of the association.

13 Section 70. Adoption, amendment, or repeal of bylaws.

14 (a) The initial bylaws may be adopted by the association's
15 directors who are to serve until the first member meeting.
16 After the initial bylaws are adopted, bylaws may be adopted and
17 amended only by the members unless the articles or bylaws
18 provide that the board, by a two-thirds vote of the entire
19 board, may adopt or amend the bylaws or any specified bylaw.

20 (b) Any bylaw adopted or amended by the board shall be
21 reported at the next member meeting. Any bylaw adopted or
22 amended by the board shall not conflict with the association's
23 articles of incorporation or with this Act. Any bylaw is
24 subject to amendment or repeal by the members at any time.

25 (c) Unless the bylaws provide otherwise, any bylaw may be

1 adopted, amended, or repealed by a majority of the member votes
2 cast on the adoption, amendment, or repeal.

3 Section 75. Members or delegates entitled to vote.

4 (a) A member entitled to vote shall have one vote, except
5 that the articles or bylaws of the association may permit the
6 following:

7 (1) voting by members in accordance with the amount of
8 business done with or through the association;

9 (2) voting by delegates, including a voting system that
10 provides any one or a combination of the following:

11 (A) that a delegate may cast only one vote;

12 (B) that a delegate may cast one vote for each
13 member represented by the delegate; or

14 (C) that another form of delegate voting may be
15 used.

16 (3) Voting by delegates or certain members on matters
17 that are to be submitted to a member vote.

18 (4) Voting by any combination of the methods set forth
19 in this subsection or any other method of voting set forth
20 in the bylaws, provided the association is controlled by
21 the members.

22 (b) If the articles or bylaws provide that only delegates
23 or certain members are entitled to vote on matters to be
24 submitted to a member vote, "member" or "members", as used in
25 this Act with respect to the right of a member to vote, voting

1 procedure, the required proportion of member votes, actions
2 that are required or permitted to be taken by members, and the
3 number of members required for a quorum, means the delegates or
4 other members entitled to vote. When voting is based on the
5 amount of business done, provisions of this Act requiring a
6 vote of the members are met if the required membership vote is
7 satisfied based on the voting power of the members.

8 Section 80. Members; meetings.

9 (a) An association shall have 2 or more members. However,
10 an association may have one member if that member is a
11 cooperative that has 2 or more members.

12 (b) An association shall hold an annual meeting of its
13 members. The board may call a special meeting of the members at
14 any time. Any meeting of the members may be held at one time or
15 in a series of meetings at one or more locations.

16 (c) Twenty per cent of the members entitled to vote may
17 file with the board a petition stating any proper business to
18 be brought before the association and demanding a special
19 meeting at any time for consideration of such business. Upon
20 compliance with this Section, the meeting shall be called by
21 the board.

22 (d) Notice of every meeting, together with a statement of
23 the purpose of the meeting, shall be sent to each member who is
24 entitled to vote at the meeting and any affected stockholder at
25 the member's or stockholder's current address, as shown in the

1 records of the association, at least 10 days prior to the
2 meeting, in accordance with Section 85. The bylaws may provide
3 that the notice be given by publication in a newspaper or
4 newspapers of general circulation in the trade area of the
5 association if notice to individual members and affected
6 shareholders is impracticable.

7 Section 85. Methods of giving notice; waiver.

8 (a) Whenever notice is required by this Act to be given to
9 any person, the notice may be given personally, by mail, or by
10 electronic or telephonic transmittal. If mailed, the notice is
11 given when it is deposited in the United States mail, with
12 postage prepaid, addressed to the person at the person's
13 address as it appears on the records of the association. If
14 notice is sent by electronic or telephonic transmittal, notice
15 is given when an electronic or telephonic confirmation of
16 delivery is received by the association.

17 (b) A signed waiver is equivalent to personal notice to the
18 person signing. The waiver may be signed at any time.

19 Section 90. Board of directors.

20 (a) Except where this Act or an association's articles of
21 incorporation or bylaws require that action be otherwise
22 authorized or taken, all of the authority of an association
23 shall be exercised by or under the direction of the board. The
24 board shall consist of not less than 5 directors, elected by

1 and from the members, unless the number of members is less than
2 5, in which case, the number of directors may equal the number
3 of members.

4 (b) The bylaws may provide that the membership of an
5 association be divided into districts or other groupings and
6 that the directors shall be elected according to such districts
7 or groupings. In that case, the bylaws shall specify the number
8 of directors to be elected and the manner of reapportioning or
9 redistricting the membership.

10 (c) The bylaws may provide that one or more directors may
11 be appointed by the other directors. The appointed directors
12 need not be members of the association, but shall have the same
13 powers, rights, and responsibilities as other directors. The
14 appointed directors shall not number more than 20% of the
15 entire number of directors.

16 (d) The bylaws may provide for an executive committee and
17 may allot to the executive committee any of the functions and
18 powers of the board, subject to the general direction and
19 control of the board.

20 (e) The association may provide a fair remuneration for the
21 time actually spent by its officers and directors in its
22 service, and for the services of the members of its executive
23 committee.

24 (f) Unless the bylaws provide otherwise, when a vacancy on
25 the board occurs other than by expiration of term, the
26 remaining directors on the board, by a majority vote, may elect

1 a director to fill the vacancy. If the bylaws provide for an
2 election of directors by the members in a district or other
3 grouping, the board may call a special meeting of the members
4 in that district or group to fill the vacancy.

5 Section 95. Indemnification.

6 (a) Subject to subsections (b) and (c) of this Section, an
7 association may indemnify or agree to indemnify any person that
8 was or is a party, or is threatened to be made a party, to any
9 threatened, pending, or completed civil, criminal,
10 administrative, or investigative action, suit, or proceeding,
11 other than an action or suit by or in the right of the
12 association, because the person is or was a director, officer,
13 employee, agent, or volunteer of the association or is or was
14 serving at the request of the association as a trustee,
15 director, officer, employee, member, manager, agent, or
16 volunteer of another association, entity, partnership, joint
17 venture, trust, or other enterprise. The indemnification
18 described in this subsection shall be for expenses, including
19 attorney's fees, judgments, fines, and amounts paid in
20 settlement actually and reasonably incurred by the person in
21 connection with the action, suit, or proceeding described in
22 this subsection.

23 (b) With respect to any noncriminal action or proceeding,
24 the indemnification described in subsection (a) of this Section
25 shall only be made if the person acted in good faith and in a

1 manner the person reasonably believed to be in or not opposed
2 to the best interests of the association as described in
3 subsection (d) of Section 100.

4 (c) With respect to any criminal action or proceeding, the
5 indemnification described in subsection (a) of this Section
6 shall only be made if the person acted in good faith and in a
7 manner the person reasonably believed to be in or not opposed
8 to the best interests of the association as described in
9 subsection (d) of Section 100, and the person had no reasonable
10 cause to believe the conduct was unlawful.

11 (d) For purposes of subsections (b) and (c) of this
12 Section, the termination of any action, suit, or proceeding by
13 judgment, order, settlement, or conviction or a plea of nolo
14 contendere or its equivalent does not create, of itself, a
15 presumption that the person did not act in good faith and in a
16 manner the person reasonably believed to be in or not opposed
17 to the best interests of the association or that the person had
18 reasonable cause to believe that the conduct was unlawful.

19 (e) Subject to subsection (f) of this Section and provided
20 the person acted in good faith and in a manner the person
21 reasonably believed to be in or not opposed to the best
22 interests of the association, an association may indemnify or
23 agree to indemnify any person that was or is a party, or is
24 threatened to be made a party, to any threatened, pending, or
25 completed action or suit by or in the right of the association
26 to procure a judgment in its favor, because the person is or

1 was a director, officer, employee, agent, or volunteer of the
2 association or is or was serving at the request of the
3 association as a trustee, director, officer, employee, member,
4 manager, agent, or volunteer of another association, entity,
5 partnership, joint venture, trust, or other enterprise. The
6 indemnification described in this subsection shall be for
7 expenses, including attorney's fees, actually and reasonably
8 incurred by the person in connection with the defense or
9 settlement of an action or suit described in this subsection.

10 (f) If a person is adjudged to be liable for negligence or
11 misconduct in the performance of a duty to the association, the
12 indemnification described in subsection (e) of this Section
13 shall be made for any claim, issue, or matter only to the
14 extent that the court in which the action or suit was brought
15 determines, upon application, that despite the adjudication of
16 liability and in view of all the circumstances of the case, the
17 person fairly and reasonably is entitled to indemnity for
18 expenses that the court in which the action or suit was brought
19 considers proper.

20 (g) Notwithstanding subsections (a), (b), (c), (d), (e),
21 and (f) of this Section, unless limited in the articles of
22 incorporation, to the extent that a person has been successful
23 on the merits in defense of any action, suit, or proceeding
24 described in subsection (a), (b), (c), (d), (e), or (f) of this
25 Section, the person shall be indemnified against expenses,
26 including attorney's fees, actually and reasonably incurred in

1 connection with that action, suit, or proceeding.

2 (h) Unless ordered by a court or unless subsection (g) of
3 this Section applies, the association shall make any
4 indemnification under subsections (a), (b), (c), (d), (e), and
5 (f) of this Section only as authorized in the specific case,
6 upon a determination that indemnification of the person is
7 proper in the circumstances because the person has met the
8 applicable standard of conduct set forth in subsections (a),
9 (b), (c), (d), (e), and (f) of this Section. This determination
10 shall be made in any of the following manners:

11 (1) by a majority vote of a quorum consisting of
12 directors of the indemnifying association that were not and
13 are not parties to or threatened with the action, suit, or
14 proceeding described in subsections (a), (b), (c), (d),
15 (e), and (f) of this Section;

16 (2) whether or not a quorum as described in paragraph
17 (1) of this subsection is obtainable, and if a majority of
18 a quorum of disinterested directors so directs, in a
19 written opinion by independent legal counsel other than an
20 attorney or a firm of attorneys associated with that
21 attorney, that within the past 5 years has been retained by
22 or has performed services for the association or has
23 performed services for any person to be indemnified; or

24 (3) by the members.

25 (i) The association shall pay the expenses, including
26 attorney's fees, incurred by the person in defending the

1 action, suit, or proceeding described in subsection (a), (b),
2 (c), (d), (e), or (f) of this Section, unless either of the
3 following applies:

4 (1) At the time of a person's act or omission that
5 is the subject of an action, suit, or proceeding
6 described in subsection (a), (b), (c), (d), (e), or (f)
7 of this Section, the articles or bylaws of the
8 association state, by specific reference to
9 subsections (a), (b), (c), (d), (e), and (f) of this
10 Section, that subsections (a), (b), (c), (d), (e), and
11 (f) of this Section do not apply to the association.

12 (2) The only liability asserted against a person in
13 an action, suit, or proceeding described in subsection
14 (a), (b), (c), (d), (e), or (f) of this Section is
15 pursuant to Section 110. Upon receipt of a request from
16 a person, the association may pay expenses, including
17 attorney's fees, incurred by a person in defending any
18 action, suit, or proceeding described in subsection
19 (a), (b), (c), (d), (e), or (f) of this Section as the
20 expenses are incurred in advance of the final
21 disposition of the action, suit, or proceeding, if the
22 board authorizes this payment in the specific case and
23 upon receipt of an undertaking by or on behalf of the
24 person to repay the amount if it ultimately is
25 determined that the person is not entitled to be
26 indemnified by the association.

1 (j) Both of the following apply to the indemnification
2 authorized by this Section:

3 (1) It is not exclusive of and is in addition to any
4 other rights granted to a person seeking indemnification
5 pursuant to the articles or bylaws of the association, any
6 agreement, a vote of members or disinterested directors of
7 the association, or otherwise, for action taken in the
8 person's official capacity and action taken in another
9 capacity while holding their office or position.

10 (2) It continues as to a person that has ceased to be a
11 director, officer, employee, member, manager, agent, or
12 volunteer and inures to the benefit of the heirs,
13 executors, and administrators of that person.

14 (k) As used in this Section, "association" includes all
15 constituent associations and entities in a consolidation or
16 merger and the new or surviving association or entity. Any
17 person that is or was a director, officer, employee, agent, or
18 volunteer of a constituent association or is or was serving at
19 the request of a constituent association as a trustee,
20 director, officer, employee, member, manager, agent, or
21 volunteer of another association, entity, partnership, joint
22 venture, trust, or other enterprise stands in the same position
23 under this Section with respect to the new or surviving
24 association or entity as the person would if the person had
25 served the new or surviving association or entity in the same
26 capacity.

1 (1) An association may purchase and maintain insurance or
2 furnish similar protection, including, but not limited to,
3 trust funds, letters of credit, or self-insurance, for or on
4 behalf of any person that is or was a director, officer,
5 employee, agent, or volunteer of the association or is or was
6 serving at the request of the association as a trustee,
7 director, officer, employee, member, manager, agent, or
8 volunteer of another association, entity, partnership, joint
9 venture, trust, or other enterprise. The insurance or similar
10 protection described in this subsection shall be against any
11 liability asserted against the person and incurred by the
12 person in any such capacity, whether or not the association
13 would have the power to indemnify the person against that
14 liability under this Section.

15 Insurance described in this subsection may be purchased
16 from or maintained with a person in which the association has a
17 financial interest.

18 Section 100. Standard of care for directors.

19 (a) A director shall perform the duties of a director,
20 including duties as a member of any committee of the directors
21 upon which the director serves, in good faith, in a manner the
22 director reasonably believes to be in or not opposed to the
23 best interests of the association, and with the care that an
24 ordinarily prudent person in a like position would use under
25 similar circumstances. In performing these duties, a director

1 is entitled to rely on information, opinions, reports, or
2 statements, including financial statements and other financial
3 data, that are prepared or presented by any of the following:

4 (1) One or more directors, officers, or employees of
5 the association whom the director reasonably believes are
6 reliable and competent in the matters prepared or
7 presented;

8 (2) Counsel, public accountants, or other persons as to
9 matters that the director reasonably believes are within
10 the person's professional or expert competence;

11 (3) A committee of the directors upon which the
12 director does not serve, established in accordance with the
13 association's articles of incorporation or bylaws, as to
14 matters within its designated authority, provided the
15 director reasonably believes the committee merits
16 confidence.

17 (b) For purposes of subsection (a) of this Section:

18 (1) A director shall not be found to have failed to
19 perform the duties in accordance with subsection (a) of
20 this Section, unless it is proved, by clear and convincing
21 evidence, in an action brought against the director that
22 the director has not acted in good faith, in a manner
23 reasonably believed to be in or not opposed to the best
24 interests of the association, or with the care that an
25 ordinarily prudent person in a like position would use
26 under similar circumstances. Such an action includes, but

1 is not limited to, an action that involves or affects any
2 of the following:

3 (A) A change or potential change in control of the
4 association;

5 (B) A termination or potential termination of the
6 director's service to the association as a director;

7 (C) Service in any other position or relationship
8 with the association.

9 (2) A director shall not be considered to be acting in
10 good faith if the director has knowledge concerning the
11 matter in question that would cause reliance on
12 information, opinions, reports, or statements that are
13 prepared or presented by the persons described in
14 subsections (a)(1) through (a)(3) of this Section to be
15 unwarranted.

16 (3) Subsection (b) of this Section does not limit
17 relief available under Section 105.

18 (c) (1) Subject to subsections (c)(2) and (c)(3) of this
19 Section, a director is liable in damages for any act that the
20 director takes or fails to take as director only if it is
21 proved, by clear and convincing evidence, in an action brought
22 against the director that the act or omission of the director
23 was undertaken with a deliberate intent to cause injury to the
24 association or was undertaken with a reckless disregard for the
25 best interests of the association.

26 (2) Subsection (c)(1) of this Section does not affect the

1 liability of a director under Section 110.

2 (3) Subject to subsection (c)(2) of this Section,
3 subsection (c)(1) of this Section does not apply if, and only
4 to the extent that, at the time of an act or omission of the
5 director, the association's articles of incorporation or
6 bylaws state, by specific reference to subsection (c)(1) of
7 this Section, that its provisions do not apply to the
8 association.

9 (d) For purposes of this Section and Section 95, in
10 determining what is reasonably believed to be in or not opposed
11 to the best interests of the association, a director shall
12 consider the purposes of the association and may consider any
13 of the following:

14 (1) the interests of the employees, suppliers,
15 creditors, and customers of the association;

16 (2) the economy of this State and of the United States;

17 (3) community, and societal, and environmental
18 matters;

19 (4) the long-term and short-term best interests of the
20 association;

21 (5) the interests of the members as patrons of the
22 association.

23 (e) Subsections (b) and (c) of this Section do not affect
24 the duties of a director who acts in any capacity other than as
25 a director.

1 Section 105. Effect of self-dealing.

2 (a) Unless otherwise provided in an association's articles
3 of incorporation or bylaws:

4 (1) no contract or transaction between an association
5 and one or more of its directors or officers, or between
6 the association and any other person in which one or more
7 of the association's directors or officers are directors or
8 officers, or have a financial or personal interest, shall
9 be void or voidable solely for this reason, or solely
10 because the director or officer is present at or
11 participates in the meeting of the board or committee that
12 authorizes the contract or transaction, or solely because
13 the director's or officer's votes are counted for such
14 purpose, if the contract or transaction is fair to the
15 association at the time it is authorized or approved, and
16 such authorization or approval is granted in either of the
17 following manners:

18 (A) the material facts as to the relationship or
19 interest and as to the contract or transaction are
20 disclosed or are known to the board or the committee,
21 and the board or committee in good faith authorizes the
22 contract or transaction by the affirmative vote of a
23 majority of the disinterested directors, even if the
24 disinterested directors constitute less than a quorum
25 of the board or the committee; or

26 (B) the material facts as to the relationship or

1 interest and as to the contract or transaction are
2 disclosed or are known to the members entitled to vote
3 on the contract or transaction, and the contract or
4 transaction is specifically approved at a meeting of
5 the members.

6 (2) Common or interested directors may be counted in
7 determining the presence of a quorum at a meeting of the
8 board, or of a committee that authorizes the contract or
9 transaction.

10 (b) Items (1) and (2) of subsection (a) do not limit or
11 otherwise affect the liability of directors under Section 110.

12 (c) For purposes of subsection (a), a director is not an
13 interested director solely because the subject of a contract or
14 transaction may involve or effect a change in control of the
15 association or continuation in office as a director of the
16 association.

17 Section 110. Liability of members, directors, and
18 officers.

19 (a) No member, director, or officer of an association shall
20 be personally liable for any obligation of the association to
21 an amount exceeding the sum remaining unpaid on his membership
22 fee or his subscription to the capital stock, including any
23 unpaid balance on any promissory notes given in payment
24 thereof.

25 (b) Directors who vote for or assent to any of the

1 following are jointly and severally liable to the association
2 in accordance with this subsection:

3 (1) a distribution of assets to members, stockholders,
4 or patrons contrary to law, the association's articles of
5 incorporation, or bylaws;

6 (2) a distribution of assets to persons other than
7 creditors during the winding up of the affairs of the
8 association, on dissolution or otherwise, without the
9 payment of all known obligations of the association, or
10 without making adequate provision for the payment of the
11 obligations; or

12 (3) the making of loans, other than in the usual
13 conduct of the association's affairs or in accordance with
14 the association's articles or bylaws, to an officer,
15 director, or member of the association.

16 In cases under item (1) of this subsection, directors are
17 liable up to the amount of the distribution in excess of the
18 amount that could have been distributed without violation of
19 law, the articles of incorporation, or bylaws, but not in
20 excess of the amount that would inure to the benefit of the
21 creditors of the association if it was insolvent at the time of
22 the distribution or there was reasonable ground to believe that
23 by such vote or assent it would be rendered insolvent, or to
24 the benefit of the members or stockholders other than members
25 or stockholders of the class in respect of which the
26 distribution was made.

1 In cases under item (2) of this subsection, directors are
2 liable to the extent that the obligations, not otherwise barred
3 by statute, are not paid, or for the payment of which adequate
4 provision has not been made.

5 In cases under item (3) of this subsection, directors are
6 liable for the amount of the loan with interest thereon at the
7 rate of 6% per year until the amount has been paid.

8 A director is not liable under item (1) or (2) of this
9 subsection if, in determining the amount available for any such
10 distribution, the director in good faith relied on a financial
11 statement of the association prepared by an officer or employee
12 of the association in charge of its accounts or by a certified
13 public accountant or firm of certified public accountants, or
14 in good faith considered the assets to be of their book value,
15 or followed what the director believed to be sound accounting
16 and business practice.

17 (c) A director who is present at a meeting of the board or
18 a committee of the board at which action on any matter is
19 authorized or taken and who has not voted for or against such
20 action shall be presumed to have voted for the action unless
21 the director dissents from the action during the meeting and
22 the dissent is noted in the minutes of the proceedings of the
23 meeting, or a written dissent is filed either during the
24 meeting or within a reasonable time after the adjournment of
25 the meeting.

26 (d) A member, stockholder, or patron who receives any

1 distribution made contrary to law, the association's articles
2 of incorporation, or bylaws is liable to the association for
3 the amount received that is in excess of the amount that could
4 have been distributed.

5 (e) A director against whom a claim is asserted under or
6 pursuant to this Section and who is held liable on the claim is
7 entitled to contribution, on equitable principles, from other
8 directors who also are liable. In addition, any director
9 against whom a claim is asserted under or pursuant to this
10 Section, or who is held liable, has a right of contribution
11 from the member, stockholder, or patron who received any
12 distribution made contrary to law, the articles of
13 incorporation, or bylaws, and such persons as among themselves
14 also are entitled to contribution in proportion to the amounts
15 received by them respectively.

16 (f) No action shall be brought by or on behalf of an
17 association, upon any cause of action arising under item (1) or
18 (2) of subsection (b), at any time after 2 years from the day
19 on which the violation occurs; provided that no such action is
20 barred by this subsection if it is commenced prior to the
21 effective date of this Act.

22 Section 115. Officers.

23 (a) The officers of an association shall consist of a
24 president, a secretary, a treasurer, and, if desired, a
25 chairperson and one or more vice-chairpersons of the board, one

1 or more vice-presidents, and other officers and assistant
2 officers as necessary. The officers shall be elected by the
3 board. The chairperson and any vice-chairperson of the board
4 shall be a director. Unless the association's articles of
5 incorporation or bylaws provide otherwise, none of the other
6 officers need be a director. Any 2 or more offices may be held
7 by the same person, but no officer shall execute, acknowledge,
8 or verify any instrument in more than one capacity if the
9 instrument is required by law or by the articles or bylaws to
10 be executed, acknowledged, or verified by 2 or more officers.
11 Unless the articles or the bylaws provide otherwise, all
12 officers shall be elected annually.

13 (b) All officers have the authority to perform, and shall
14 perform, the duties as the bylaws provide, or as the board may
15 determine in accordance with the bylaws.

16 Section 120. Surety bonds. If required by the association's
17 bylaws, every officer, employee, and agent handling funds,
18 negotiable instruments, or other property of or for an
19 association shall execute and deliver adequate bonds for the
20 faithful performance of the officer's, employee's, or agent's
21 duties and obligations.

22 Section 125. Removal of officers or directors.

23 (a) Unless the bylaws provide otherwise, a director may be
24 removed, with or without cause, by a majority vote of all

1 members at an annual or special meeting.

2 (b) If the bylaws provide for election of directors by the
3 members in a district or other grouping, then the members
4 residing in that district or belonging to the group may, by a
5 majority vote at an annual or special meeting, remove the
6 director representing such district or group.

7 (c) Any director or officer facing possible removal shall
8 be given fair notice of the proposed action in writing prior to
9 a meeting and shall have an opportunity at the meeting to be
10 heard in person or in writing.

11 Section 130. Books and records; examination by member.

12 (a) An association shall keep correct and complete books
13 and records of account, and shall also keep minutes of the
14 proceedings of meetings of its members, board, and delegates.
15 The association shall keep at its principal office records of
16 the names and addresses of all members and stockholders with
17 the amount of ownership interests and stock held by each.

18 (b) At any reasonable time, any member, upon written notice
19 that states, with specificity, a proper purpose for an
20 examination of books and records and that is delivered or sent
21 to the association at least one week in advance, may examine
22 those books and records pertinent to the purpose in the notice.
23 The board may deny a request of a member to examine the books
24 and records if the purpose is not proper because the purpose is
25 not directly related to the person's interest as a member and

1 is contrary to the best interests of the association.

2 (c) At any reasonable time, a stockholder who is not a
3 member, upon written notice that states, with specificity, a
4 proper purpose for an examination of books and records and that
5 is delivered or sent to the association at least one week in
6 advance, may examine those books and records that are pertinent
7 to the purpose in the notice. The board may deny a request of a
8 stockholder to examine the books and records if the purpose is
9 not proper because the purpose is not directly related to the
10 person's interest as a stockholder and is contrary to the best
11 interest of the association.

12 Section 135. Merger or consolidation with associations.

13 (a) An association may merge or consolidate with one or
14 more associations under this Act. Before an association may
15 merge or consolidate with any other association, a written
16 agreement of merger or consolidation shall be approved by the
17 board of each constituent association and by the members of
18 each constituent association. The agreement shall set forth the
19 terms of the merger or consolidation, including any provisions
20 for amendment or abandonment of the agreement. In the case of a
21 consolidation, the agreement also shall contain the articles of
22 incorporation of the new association.

23 (b) If the agreement of merger or consolidation provides
24 that a holder of stock other than membership stock or patronage
25 stock in a constituent association will be affected, all of the

1 following apply:

2 (1) Unless the board of the constituent association
3 provides that item (2) of this subsection applies, the
4 affected stockholder shall be entitled to cast one vote on
5 the agreement regardless of the par or stated value, the
6 number of shares, or the number of affected classes of the
7 stock held.

8 (2) The board of a constituent association may provide
9 that a stockholder otherwise entitled to vote under item
10 (1) of this subsection shall instead be entitled to payment
11 of fair cash value of the affected stock held by the
12 stockholder in accordance with Section 170.

13 (3) A member holding stock affected by a proposed
14 agreement of merger or consolidation may vote only as a
15 member and shall not be entitled to vote or demand fair
16 cash value as an affected stockholder.

17 (c) For purposes of this Section, a holder of stock is
18 affected as to any class of stock owned by the holder only if
19 the agreement of merger or consolidation does any of the
20 following:

21 (1) decreases the dividends to which that class may be
22 entitled or changes the method by which the dividend rate
23 on that class is fixed;

24 (2) provides for additional restriction of rights to
25 transfer shares of that class;

26 (3) gives to another existing or any new class of stock

1 or equity interest not previously entitled thereto any
2 preference, as to dividends or upon dissolution, that is
3 higher than preferences of that class;

4 (4) changes the par value of shares of that class or of
5 any other class having the same or higher preferences as to
6 dividends or upon dissolution;

7 (5) increases the number of authorized shares of any
8 other class having the same or higher preferences as to
9 dividends or upon dissolution beyond the aggregate
10 authorizations for such classes in the constituent
11 associations; or

12 (6) requires or permits an exchange of shares of any
13 class with lower preferences as to dividends or upon
14 dissolution for shares of any other class with higher
15 preferences.

16 (d) The agreement is approved if both of the following
17 conditions are met with respect to each constituent
18 association:

19 (1) Notice of the meeting to vote on the agreement, the
20 agreement, and a description of the method of voting have
21 been sent to all members, and to all affected stockholders
22 entitled either to vote on the agreement or to receive
23 payment of fair cash value under subsection (b);

24 (2) 60% of the member votes cast approve the agreement,
25 and a simple majority of the votes cast by the affected
26 stockholders entitled to vote under subsection (b) approve

1 the agreement.

2 (e) Notwithstanding subsection (d), no vote of the members
3 or stockholders of a constituent association shall be necessary
4 to approve a merger of a wholly owned subsidiary association
5 with and into its parent cooperative or a merger or a
6 consolidation of 2 or more subsidiary associations that are
7 wholly owned by a cooperative.

8 (f) After approval of an agreement under this Section, but
9 before the merger or consolidation is effective, the agreement
10 may be amended in accordance with any provision for amendment
11 set forth in the agreement, provided that an amendment made
12 subsequent to adoption of the agreement by the members of any
13 constituent association shall not do any of the following:

14 (1) change the membership rights, or the amount or kind
15 of stock, securities, cash, property, or other rights to be
16 received, exchanged, or converted in the merger or
17 consolidation;

18 (2) change the articles of incorporation or bylaws of
19 the surviving or new association as provided for in the
20 agreement;

21 (3) change any provision of the agreement with respect
22 to the rights of members or the manner of voting in the
23 surviving or new association.

24 (g) After approval of an agreement under this Section, but
25 before the merger or consolidation is effective, the merger or
26 consolidation may be abandoned in accordance with any provision

1 for abandonment set forth in the agreement.

2 (h) The merger or consolidation shall take effect in
3 accordance with Sections 145 and 150.

4 Section 140. Association may merge or consolidate with
5 other entities.

6 (a) An association may merge or consolidate with one or
7 more entities, if such merger or consolidation is permitted by
8 the laws under which each constituent entity exists and the
9 association complies with this Section.

10 (b) Each constituent association shall comply with Section
11 135 with respect to form and approval of an agreement of merger
12 or consolidation, and each constituent entity shall comply with
13 the applicable provisions of the laws under which it exists,
14 except that the agreement of merger or consolidation, by
15 whatever name designated, shall comply with subsections (c) and
16 (d) of this Section.

17 (c) The agreement of merger or consolidation shall set
18 forth all of the following:

19 (1) The names of the states and the laws under which
20 each constituent entity exists.

21 (2) All statements and matters required to be set forth
22 in agreements of merger or consolidation by the laws under
23 which any constituent entity exists.

24 (3) A statement that the surviving or new entity is to
25 be an association, a foreign association, a corporation

1 other than a cooperative, or a limited liability company.

2 (4) If the surviving or new entity is to be a foreign
3 entity:

4 (A) the place where the principal office of the
5 surviving or new entity is to be located in the state
6 in which the surviving or new entity is to exist;

7 (B) the consent by the surviving or new entity that
8 it may be sued and served with process in this State in
9 any proceeding for the enforcement of any obligation of
10 any constituent association or domestic entity;

11 (C) the consent by the surviving or new entity that
12 it shall be subject to the applicable provisions of the
13 Business Corporation Act of 1983 if it is a foreign
14 corporation or foreign association or to the Limited
15 Liability Company Act if it is a foreign limited
16 liability company; and

17 (D) if it is desired that the surviving or new
18 entity exercise its corporate privileges in this State
19 as a foreign entity.

20 (d) The agreement also may set forth other provisions
21 permitted by the laws of any state in which any constituent
22 entity exists.

23 (e) If the surviving or new entity is an association, the
24 merger or consolidation shall take effect in accordance with
25 Sections 145 and 150.

26 (f) If the surviving or new entity is an entity other than

1 an association, the merger or consolidation shall take effect
2 in accordance with the applicable provisions of the laws under
3 which it exists.

4 Section 145. Effective date of merger or consolidation.

5 (a) Unless a later date is specified in the agreement, a
6 merger or consolidation under Sections 135 and 140 is effective
7 when the certificate of merger or consolidation is filed in
8 accordance with Section 150. If, after filing the certificate
9 but before the merger or consolidation is effective, the merger
10 or consolidation is amended or abandoned, as provided in
11 subsections (f) and (g) of Section 135, an authorized officer
12 of each constituent association shall sign a certificate of
13 amendment or abandonment stating that the agreement of merger
14 or consolidation has been amended or abandoned and the date of
15 such action, and shall file the certificate in the same manner
16 as the certificate of merger or consolidation. Any certificate
17 of amendment or abandonment shall be filed prior to the date
18 the merger or consolidation would otherwise be effective.

19 (b) In the case of a merger, the surviving association or
20 entity is the one designated in the agreement. In the case of a
21 consolidation, the new association or entity is the one
22 designated in the agreement. The separate existence of all
23 constituent associations or entities in the agreement, except
24 the surviving or new association or entity, ceases upon the
25 effective date of the merger or consolidation.

1 (c) The surviving or new association or entity possesses
2 all the rights and all the property of each constituent
3 association or entity, and is responsible for all their
4 obligations. Title to any property is vested in the surviving
5 or new association or entity with no reversion or impairment of
6 the property caused by the merger or consolidation. A merger or
7 consolidation shall not be considered an assignment. No right
8 of any creditor shall be impaired by the merger or
9 consolidation without the creditor's consent.

10 (d) If the surviving organization is an association, the
11 articles of incorporation are amended to the extent provided in
12 the agreement of merger.

13 Section 150. Certificate of merger or consolidation;
14 filing; recording.

15 (a) Upon adoption of an agreement of merger or
16 consolidation under Section 135 or 140, a certificate, signed
17 by any authorized officer or representative of each constituent
18 association or entity, shall be filed with the Secretary of
19 State on a form prescribed by the Secretary of State that sets
20 forth the following:

21 (1) the name and form of each constituent association
22 or entity and the State law under which each constituent
23 entity exists;

24 (2) a statement that each constituent association or
25 entity has adopted the agreement of merger or

1 consolidation, the manner of adoption, and that the
2 agreement was adopted in compliance with the laws
3 applicable to each constituent association or entity;

4 (3) the effective date of the merger or consolidation,
5 which date may be on or after the date of filing of the
6 certificate;

7 (4) in the case of a merger, a statement that one or
8 more specified constituent associations or entities will
9 be merged into a specified surviving association or entity
10 or, in the case of a consolidation, a statement that the
11 constituent associations or entities will be consolidated
12 into a new association or entity; and

13 (5) the name and address of the statutory agent upon
14 whom any process, notice, or demand against any constituent
15 association or entity, or the surviving or new association
16 or entity, may be served.

17 In the case of a merger into an association or domestic
18 entity, any amendments to the articles of incorporation or the
19 articles of organization of the surviving association or entity
20 shall be filed with the certificate.

21 In the case of a consolidation to form a new domestic
22 association or entity, the articles of incorporation or the
23 articles of organization of the new association or entity shall
24 be filed with the certificate.

25 If the surviving or new entity is a foreign entity that
26 desires to transact business in this State as a foreign entity,

1 the certificate shall be accompanied by the information
2 required for qualification of a foreign entity in this State by
3 the Business Corporation Act of 1983 in the case of a foreign
4 corporation or foreign cooperative, or by the Limited Liability
5 Company Act in the case of a foreign limited liability company.

6 (b) A copy of the certificate of merger or consolidation,
7 certified by the Secretary of State, may be filed for record in
8 the office of the county recorder of any county in this State.
9 For such recording, the county recorder shall charge and
10 collect the same fee as in the case of deeds. The certified
11 copy of the certificate of merger or consolidation shall be
12 recorded in the official records of the county recorder.

13 (c) For purposes of this Section, "domestic entity" means a
14 corporation other than an association or a limited liability
15 company organized under the laws of this State.

16 Section 155. Plan of division.

17 (a) An association may divide itself into 2 or more
18 associations. A written plan of division shall be approved by
19 the association's board. Such plan shall set forth all the
20 terms of the division and the proposed effect of the division
21 on all members and stockholders of the association. The plan
22 also shall contain the articles of incorporation and bylaws of
23 each association resulting from the division, which articles
24 and bylaws shall conform to the requirements for associations
25 organized under this Act.

1 (b) If the plan of division provides that a holder of stock
2 other than membership stock or patronage stock will be
3 affected, the following apply:

4 (1) Unless the board provides that item (2) of this
5 subsection applies, the affected stockholder shall be
6 entitled to cast one vote on the plan of division
7 regardless of the par or stated value, the number of
8 shares, or the number of affected classes of the stock
9 held.

10 (2) The board may provide that a stockholder otherwise
11 entitled to vote under item (1) of this subsection shall
12 instead be entitled to payment of fair cash value of the
13 affected stock held by the stockholder in accordance with
14 Section 170.

15 (3) A member holding stock affected by a proposed plan
16 of division may vote only as a member and shall not be
17 entitled to vote or demand fair cash value as an affected
18 stockholder.

19 (c) For purposes of this Section, a holder of stock is
20 affected as to any class of stock owned by the holder only if
21 the plan of division does any of the following:

22 (1) Decreases the dividends to which that class may be
23 entitled or changes the method by which the dividend rate
24 on that class is fixed.

25 (2) Provides any additional restriction on rights to
26 transfer shares of that class.

1 (3) Gives to another existing or any new class of stock
2 or equity interest not previously entitled thereto any
3 preference, as to dividends or upon dissolution, that is
4 higher than preferences of that class in a resulting
5 association.

6 (4) Changes the par value of shares of that class or of
7 any other class having the same or higher preferences as to
8 dividends or upon dissolution.

9 (5) Increases the aggregate number of authorized
10 shares of any other class having the same or higher
11 preferences as to dividends or upon dissolution in the
12 resulting associations beyond the authorization for such
13 classes in the original association.

14 (6) Requires or permits an exchange of shares of any
15 class with lower preferences as to dividends or upon
16 dissolution in the original association for shares of any
17 other class with higher preferences in a resulting
18 association.

19 (d) The plan of division is approved if both of the
20 following conditions are met:

21 (1) Notice of the meeting to vote on the plan, the plan
22 of division, and a description of the method of voting have
23 been sent to all members and to all affected stockholders
24 entitled either to vote on the plan or to receive payment
25 of fair cash value under subsection (b);

26 (2) 60% of the member votes cast approve the plan, and

1 a simple majority of the votes cast by the affected
2 stockholders entitled to vote under subsection (b) approve
3 the plan.

4 (e) After approval of a plan of division under this
5 Section, but before the division is effective, the plan may be
6 amended or abandoned in accordance with a provision for
7 amendment or abandonment set forth in the plan, provided that
8 an amendment made subsequent to approval of the plan by the
9 members shall not do any of the following:

10 (1) Change the membership rights, or the amount or kind
11 of stock, securities, cash, property, or other rights to be
12 received, exchanged, or converted in the division.

13 (2) Change the articles of incorporation or bylaws of
14 the resulting associations as provided for in the plan.

15 (3) Change any provision of the plan with respect to
16 the rights of members or the manner of voting in the
17 resulting associations.

18 (f) Upon approval of a plan of division, a certificate,
19 signed by any authorized officer of the original association,
20 shall be filed with the Secretary of State on a form prescribed
21 by the Secretary of State setting forth the following:

22 (1) The name of the original association and the name
23 of each resulting association.

24 (2) A statement that the original association has
25 adopted the plan of division, the manner of adoption, and
26 that the plan was adopted in compliance with this Section;

1 (3) The effective date of the division, which date may
2 be on or after the date of filing of the certificate.

3 (4) A statement that the original association will be
4 divided into specified resulting associations.

5 (5) The name and address of the statutory agent upon
6 whom any process, notice, or demand against the original
7 association may be served, and the name and address of a
8 statutory agent for each resulting association upon whom
9 process, notice, or demand against that resulting
10 association may be served.

11 (g) The articles of incorporation of each of the resulting
12 associations shall be filed with the certificate.

13 Section 160. Conversions.

14 (a) A domestic corporation that is not an association may
15 convert itself into an association by adopting an amendment to
16 its articles of incorporation in which it elects to become
17 subject to this Act, together with any changes in its articles
18 of incorporation and bylaws required by this Act and any other
19 desirable changes permitted by this Act. The amendment shall be
20 adopted, filed, and recorded in the manner provided by the law
21 under which the corporation exists.

22 (b) An association may convert itself to a domestic
23 corporation that is not an association by adopting an amendment
24 to its articles of incorporation in which it elects to become
25 subject to the Business Corporation Act of 1983, if so

1 permitted by such Act, together with any changes in its
2 articles of incorporation and bylaws required by such Act and
3 any other desirable changes permitted by such Act. The
4 amendment shall be adopted, filed, and recorded under this Act
5 in the same manner as an amendment of the articles of
6 incorporation under Sections 35 and 40.

7 Section 165. Setting aside reorganizations. An action to
8 set aside a merger, consolidation, division, or conversion of
9 an association, on the ground that any law has not been
10 complied with, shall be brought within 90 days after the
11 effective date of the merger, consolidation, division, or
12 conversion, or such action shall be forever barred.

13 Section 170. Written demand for payment of fair cash value
14 of stock.

15 (a) In order to obtain payment of the fair cash value, a
16 stockholder entitled to payment of the fair cash value of stock
17 under Section 40, 135, 140, or 155 shall deliver a written
18 demand for payment of the fair cash value of the stock to the
19 association no later than 15 days after notice is sent to
20 members and stockholders in accordance with Section 40, 135,
21 140, or 155, as the case may be. The written demand shall state
22 the name and address of the stockholder, the number and class
23 of the stock for which fair cash value is demanded, and the
24 amount claimed by the stockholder to be the fair cash value of

1 the stock. Delivery of written demand for payment of fair cash
2 value of stock in accordance with this Section is sufficient if
3 delivered to the association or to the surviving or new
4 association or entity resulting from the merger,
5 consolidation, division, or conversion, whether the demand is
6 delivered before, on, or after the effective date of the
7 action. If written demand is not timely delivered in conformity
8 with this Section, the stockholder's right to payment of fair
9 cash value with respect to the amendment to the articles of
10 incorporation, agreement of merger or consolidation, plan of
11 division, or conversion shall be barred.

12 (b) If a timely demand is delivered in accordance with this
13 Section, fair cash value of the stock shall be determined and
14 paid to the stockholder in accordance with the following
15 procedures:

16 (1) The association or the surviving, new, or resulting
17 association or entity shall send a written acknowledgment
18 of receipt of the demand for fair cash value to the address
19 specified in the demand no later than 15 days after receipt
20 of the demand. If the board of the association or the
21 surviving, new, or resulting association or entity
22 believes that the demand has failed to comply with the
23 requirements of this Section, the acknowledgment shall
24 state any such defects. The acknowledgment also shall state
25 what the board believes to be the fair cash value of the
26 stock that is the subject of the demand. If the articles of

1 incorporation of the constituent or original association
2 provide a value for the stock upon redemption, the fair
3 cash value of the stock presumptively shall be the lesser
4 of the redemption value or the fair market value of the
5 stock immediately prior to the merger, consolidation,
6 division, or conversion.

7 (2) The stockholder shall not transfer, encumber,
8 pledge, or otherwise dispose of the stock that is the
9 subject of the demand for fair cash value, or any
10 certificate representing the stock, until the demand is
11 finally resolved by agreement, withdrawal, or final
12 judicial determination.

13 (3) If the association's articles of incorporation or
14 bylaws provide a reasonable basis for determining and
15 paying the fair cash value of the stock that is the subject
16 of the demand for fair cash value, or if the association or
17 the surviving, new, or resulting association or entity and
18 the demanding stockholder reach an agreement on the fair
19 cash value of the stock within 3 months after delivery of
20 the demand for fair cash value, the fair cash value of the
21 stock shall be determined in accordance with the
22 constituent or original association's articles of
23 incorporation or bylaws or as agreed upon, as the case may
24 be. The association shall thereupon tender payment of the
25 fair cash value so determined to the stockholder within 30
26 days of delivery of any certificates representing the stock

1 or the stockholder's written waiver and release of claim to
2 all rights to the stock to the association or the
3 surviving, new, or resulting association or entity.
4 Without precluding other possible reasonable bases for
5 determining fair cash value of stock under this Section, a
6 provision in the constituent or original association's
7 articles of incorporation or bylaws that fair cash value
8 shall be determined by mediation or final and binding
9 arbitration, or that fair cash value shall be the lesser of
10 par value, book value, or fair market value, shall be
11 considered a reasonable basis for determining and paying
12 the fair cash value of stock.

13 (c) The right of a demanding stockholder to receive the
14 fair cash value of stock as to which the stockholder seeks
15 relief and the obligation of the association or the surviving,
16 new, or resulting association or entity to furnish the fair
17 cash value for those interests terminate if any of the
18 following applies:

19 (1) The demanding stockholder fails to comply with this
20 Section.

21 (2) The association abandons the amendment of
22 articles, merger, consolidation, division, or conversion
23 or is finally enjoined or prevented from taking such
24 action.

25 (3) The demanding stockholder withdraws the demand for
26 fair cash value with consent of the association.

1 (4) The demanding stockholder attempts to sell,
2 transfer, or encumber the stock which is the subject of the
3 demand prior to final determination of its fair cash value
4 under this Section or a final judicial determination.

5 (5) All of the following apply:

6 (A) the articles of incorporation or bylaws of the
7 association do not provide a reasonable basis for
8 determining and paying fair cash value to an affected
9 stockholder;

10 (B) the association and the affected stockholder
11 have not agreed upon the fair cash value of the stock
12 which is the subject of the demand;

13 (C) the affected stockholder does not file a timely
14 complaint for judicial determination.

15 (d) The fair cash value that is agreed upon by the affected
16 stockholder and the association, or determined using a
17 reasonable basis for determining and paying fair cash value in
18 the association's articles of incorporation or bylaws, or fixed
19 by a court shall be paid within 30 days as follows:

20 (1) immediately to the holder of uncertificated stock;

21 or

22 (2) upon and simultaneously with the surrender of
23 certificates representing certificated stock.

24 Section 175. Disposing of assets of association.

25 (a) As used in this Section, "substantially all" means more

1 than two-thirds of the association's assets, measured, in the
2 board's discretion, either by value as recorded in the books
3 and records of the association or by fair market value.

4 (b) Unless the articles of incorporation or the bylaws of
5 an association otherwise provide, a lease, sale, exchange,
6 transfer, or other disposition of any assets of an association
7 may be made upon terms and for consideration which may consist,
8 in whole or in part, of money or other property, including
9 shares or other securities or promissory obligations of any
10 association or entity, as may be authorized by the board. If a
11 lease, sale, exchange, transfer, or other disposition, or a
12 series of such transactions, would dispose of all or
13 substantially all of the assets of the association, then the
14 disposition may be made only upon a written plan of disposition
15 prepared by the board or by a committee selected by the board
16 for that purpose, and adopted in the same manner as provided
17 for the adoption of a resolution of dissolution in Section 180.
18 A plan of disposition shall set forth a general description or
19 summary of the assets subject to disposition; the method of
20 disposition; the intended transferee of the assets, if known to
21 the board; and a general description of any material effect the
22 board believes the disposition will have on the interests of
23 the members and stockholders. Notice of a meeting of the
24 members at which a plan of disposition will be voted on shall
25 be given to all members, whether or not entitled to vote at the
26 meeting. The notice shall be accompanied by a copy or summary

1 of the plan of disposition and a ballot for those members
2 entitled to vote on the plan.

3 (c) The association, by its board, may abandon a plan of
4 disposition, subject to the contract rights of other persons,
5 if the power of abandonment is conferred upon the board either
6 by the terms of the transaction or in the plan of disposition.

7 (d) An action to set aside a disposition of assets by an
8 association, on the ground that any law applicable to the
9 lease, sale, exchange, transfer, or other disposition of all or
10 substantially all the assets of the association has not been
11 complied with, shall be brought within 90 days after such
12 transaction, or the action is forever barred.

13 Section 180. Voluntary dissolution.

14 (a) An association may be dissolved voluntarily in the
15 manner provided in this Section.

16 (b) A resolution of dissolution for an association shall
17 state both of the following:

18 (1) that the association elects to be dissolved; and

19 (2) any additional provision considered necessary with
20 respect to the proposed dissolution and winding up.

21 (c) Before subscriptions for membership and any stock or
22 other ownership interest have been received, the incorporators
23 or a majority of the incorporators may adopt, by a writing
24 signed by them, a resolution of dissolution.

25 (d) The directors may adopt a resolution of dissolution in

1 the following cases:

2 (1) when the association has been adjudged bankrupt or
3 has made a general assignment for the benefit of creditors;

4 (2) by leave of the court, when a receiver has been
5 appointed in a general creditors' suit or in any suit in
6 which the affairs of the association are to be wound up;

7 (3) when substantially all of the assets have been sold
8 at judicial sale or otherwise; or

9 (4) when the period of existence of the association
10 specified in its articles has expired.

11 (e) At a meeting held for such purpose, the members may
12 adopt a resolution of dissolution by the affirmative vote of
13 60% of the member votes cast on the proposal or, if the
14 articles provide or permit, by the affirmative vote of a
15 greater or lesser proportion though not less than a majority,
16 of the voting power, of any particular class as is required by
17 the articles of incorporation. Notice of the meeting of the
18 members shall be given to all members and stockholders whether
19 or not entitled to vote.

20 (f) Upon the adoption of a resolution of dissolution, a
21 certificate shall be filed with the Secretary of State, on a
22 form prescribed by the Secretary of State.

23 (g) The certificate described in subsection (f) of this
24 Section shall be signed as follows:

25 (1) when the resolution of dissolution is adopted by
26 the incorporators, the certificate shall be signed by not

1 less than a majority of the incorporators;

2 (2) when the resolution is adopted by the directors or
3 by the members, the certificate shall be signed by any
4 authorized officer. However, if no authorized officer
5 executes and files the certificate within 30 days after the
6 adoption of the resolution or upon any date specified in
7 the resolution as the date upon which the certificate is to
8 be filed or upon the expiration of any period specified in
9 the resolution as the period within which the certificate
10 is to be filed, whichever is latest, the certificate of
11 dissolution may be signed by any 3 members, or if there are
12 fewer than 3 members, by all of the members, and shall set
13 forth a statement that the persons signing the certificate
14 are members and are filing the certificate because of the
15 failure of an authorized officer to do so.

16 (h) Upon the filing of a certificate of dissolution, the
17 association shall be dissolved.

18 Section 185. Public notice of voluntary dissolution.
19 Following the filing of the certificate of dissolution, the
20 directors, members, or incorporators who filed the
21 certificate, as the case may be, shall cause a notice of
22 voluntary dissolution to be published once a week on the same
23 day of each week for 2 successive weeks, in a newspaper
24 published and of general circulation in the county in which the
25 principal place of business of the association was to be or is

1 located and shall cause written notice of dissolution to be
2 given to all known creditors of, and to all known claimants
3 against, the dissolved association.

4 Section 190. Action to wind up affairs or obtain
5 restatement of articles.

6 (a) When an association is dissolved voluntarily, when the
7 articles of incorporation of an association have been canceled,
8 when a final order of a court is made dissolving an association
9 under Section 195, or when the period of existence of the
10 association specified in its articles of incorporation has
11 expired, the association shall cease to carry on business and
12 shall do only such acts as are required to wind up its affairs
13 or to obtain reinstatement of the articles in accordance with
14 Section 50.

15 (b) Any claim existing or action or proceeding pending by
16 or against the association or which would have accrued against
17 it may be prosecuted to judgment, with right of appeal as in
18 other cases, but any proceeding, execution, or process, or the
19 satisfaction or performance of any order, judgment, or decree,
20 may be stayed as provided in Section 195.

21 (c) Any process, notice, or demand against the association
22 may be served by delivering a copy to an officer, director,
23 liquidator, or person having charge of its assets or, if no
24 such person can be found, to the statutory agent.

25 (d) The directors of the association or their successors

1 shall act as the board of directors in accordance with the
2 articles of incorporation and bylaws until the affairs of the
3 association are completely wound up. Subject to the orders of
4 courts of this State having jurisdiction over the association,
5 the directors shall proceed as speedily as is practicable to a
6 complete winding up of the affairs of the association and, to
7 the extent necessary or expedient to that end, shall exercise
8 all the authority of the association. Without limiting the
9 generality of such authority, the directors may fill vacancies;
10 elect officers; carry out contracts of the association; make
11 new contracts; borrow money; mortgage or pledge the property of
12 the association as security; sell its assets at public or
13 private sale; make conveyances in the association's name; lease
14 real estate for any term, including 99 years renewable forever;
15 settle or compromise claims in favor of or against the
16 association; appoint or employ one or more persons as
17 liquidators to wind up the affairs of the association with
18 authority as the directors see fit to grant; cause the title to
19 any of the assets of the association to be conveyed to such
20 liquidators for that purpose; apply assets to the payment of
21 obligations; and, after paying or adequately providing for the
22 payment of all known obligations of the association, distribute
23 the remainder of the assets either in cash or in kind among the
24 members, patrons, and stockholders according to their
25 respective rights and interests. In addition, the directors may
26 perform all other acts necessary or expedient to the winding up

1 of the affairs of the association.

2 (e) The directors, or any liquidator to whom the directors
3 grant such authority, in the course of winding up the
4 association's affairs, shall apply the assets of the
5 association in the following order:

6 (1) to expenses incidental to winding up the
7 association's affairs;

8 (2) to all legally enforceable liabilities and
9 obligations of the association due claimants and
10 creditors;

11 (3) to the stockholders, members, and patrons of the
12 association as provided in the association's articles of
13 incorporation or bylaws.

14 (f) Without limiting the authority of the directors, any
15 action within the purview of this Section that is authorized or
16 approved at a meeting of the members by 60% of the member votes
17 cast thereon shall be conclusive for all purposes upon all
18 members, patrons, and stockholders of the association.

19 (g) All deeds and other instruments of the association
20 shall be in the name of the association and shall be executed,
21 acknowledged, and delivered by the officers appointed by the
22 directors.

23 (h) At any time during the winding up of its affairs, the
24 association by its directors may make application to the court
25 of the county in this State in which the principal place of
26 business of the association is located to have the winding up

1 continued under supervision of the court, as provided in
2 Section 195. However, if the association has no principal place
3 of business in this State, the application described in this
4 Section may be made to a court in the county in this State
5 where the statutory agent resides.

6 Section 195. Judicial liquidations.

7 (a) Without limiting the generality of its authority and
8 subject to subsection (b), the court of the county in this
9 State in which is located the principal place of business of a
10 voluntarily dissolved association or of an association whose
11 articles have been canceled or whose period of existence has
12 expired, upon the complaint of the association, or a majority
13 of the directors, or 10% of the members or 20 members,
14 whichever is less, and upon such notice to all the directors
15 and other persons interested as the court considers proper, at
16 any time may order and adjudge any of the following matters:

17 (1) The presentation and proof of all claims and
18 demands against the association and of all rights,
19 interests, or liens in or on any of its property; the
20 fixing of the time and the manner in which such proof shall
21 be made and the person to whom presentation shall be made;
22 and the barring from participation in any distribution of
23 assets of all persons failing to make and present proofs as
24 required by the order of the court.

25 (2) The stay of the prosecution of any proceeding

1 against the association or involving any of its property;
2 the requirement that the parties to the proceeding present
3 and prove their claims, demands, rights, interests, or
4 liens at the time and in the manner required of creditors
5 or others; or the grant of leave to bring or maintain an
6 independent proceeding to enforce liens.

7 (3) The settlement or determination of all claims of
8 every nature against the association or any of its
9 property; the determination of the assets required to be
10 retained to pay or provide for the payment of such claims
11 or any claim; the determination of the assets available for
12 distribution among and rights of members, patrons, and
13 stockholders; and the making of new parties to the
14 proceeding so far as the court considers proper for the
15 determination of all matters.

16 (4) The presentation and filing of intermediate and
17 final accounts of the directors or of the liquidators and
18 hearings on them; the allowance, disallowance, or
19 settlement of the accounts; and the discharge of the
20 directors, the liquidators, or any of them from their
21 duties and liabilities.

22 (5) The appointment of a special master commissioner to
23 hear and determine any matters with authority as the court
24 considers proper.

25 (6) The filling of any vacancies in the number of
26 directors or liquidators when the directors are unable to

1 act on the vacancies for want of a quorum or for any other
2 reason.

3 (7) The appointment of a receiver, in accordance with
4 the usage of a court in equitable matters, to wind up the
5 affairs of the association, to take custody of any of its
6 property, or for any other purpose.

7 (8) The issuance or entry of any injunction or any
8 other order that the court considers proper in the
9 administration of the trust involved in the winding up of
10 the affairs of the association and the giving of notice of
11 the entry of injunction or order.

12 (9) The allowance and payment of compensation to the
13 directors or any of them, to liquidators, to a receiver, to
14 the attorney for the complainant, or to any person properly
15 rendering services beneficial to the association or to
16 those interested in it.

17 (10) The entry of a judgment or decree that, if it so
18 provides, may operate as the deed or other instrument
19 ordered to be executed, or the appointment of a master to
20 execute such deed or instrument in the name of the
21 association with the same effect as if executed by an
22 authorized officer pursuant to authority conferred by the
23 directors or the members, patrons, and stockholders of the
24 association, whenever there is no officer or agent
25 competent to execute such deed or instrument, whenever the
26 association or its officers do not perform or comply with a

1 judgment or decree of court, or whenever the court
2 considers it proper.

3 (b) If the association has no principal place of business
4 in this State, without limiting the generality of its
5 authority, the court in the county in this State where the
6 statutory agent resides may order and adjudge the matters
7 described in subsection (a).

8 (c) A judicial proceeding under this Section concerning the
9 winding up of the affairs of an association is a special
10 proceeding, and final orders in the proceeding may be vacated,
11 modified, or reversed on appeal pursuant to the Code of Civil
12 Procedure.

13 Section 200. Receiver; winding up affairs of association.

14 (a) Whenever, after an association is dissolved
15 voluntarily, the articles of an association have been canceled,
16 or the period of existence of an association has expired, a
17 receiver is appointed to wind up the affairs of the
18 association, all the claims, demands, rights, interests, or
19 liens of creditors, claimants, members, patrons, and
20 stockholders shall be determined as of the day on which the
21 receiver was appointed. Unless it is otherwise ordered, such
22 appointment vests in the receiver and successors of the
23 receiver the right to the immediate possession of all the
24 property of the association, which shall, if so ordered,
25 execute and deliver conveyances of such property to the

1 receiver.

2 (b) Any officer, director, member, or other person, whether
3 a resident of the state or a nonresident and however
4 interested, may be appointed as receiver.

5 (c) The receiver shall have all the authority vested in the
6 directors and officers of the association, shall exercise such
7 authority subject to such orders as are made by the court, and
8 may be required to qualify by giving bond to the State in such
9 amount as the court fixes, with surety to the satisfaction of
10 the clerk of the court, conditioned for the faithful discharge
11 of duties and for a due accounting for all money or property
12 received.

13 Section 205. Marketing agreements.

14 (a) A cooperative and any member may make marketing
15 agreements, whether written separately or contained in the
16 bylaws, in which the member agrees to do any of the following:

17 (1) sell, market, or deliver all or any specified part
18 of products produced or to be produced either by the member
19 or under the member's control, to or through the
20 cooperative or any facilities furnished by it;

21 (2) authorize the cooperative or any facilities
22 furnished by it to act for the member in any manner with
23 respect to all or any specified part of products produced
24 or to be produced either by the member or under the
25 member's control and any services to be furnished by the

1 member;

2 (3) buy or procure all or a specified part of goods or
3 services from or through the cooperative or any facilities
4 furnished by it; or

5 (4) authorize the cooperative or any facilities
6 furnished by it to act for the member in any manner in the
7 procurement of goods or services for the member.

8 (b) The term of marketing agreements may not exceed 10
9 years.

10 (c) A marketing agreement authorized by subsection (a) may
11 require that liquidated damages be paid by the member in the
12 event of a breach of the marketing agreement. Liquidated
13 damages shall be specific, reasonable sums. Any provisions for
14 liquidated damages shall be enforceable and not regarded as
15 penalties.

16 (d) If a member breaches or threatens to breach a marketing
17 agreement authorized by this Section, the cooperative shall be
18 entitled to an injunction to prevent the breach or any further
19 breach, and to a decree of specific performance, unless the
20 marketing agreement provides an alternative remedy or damages
21 are more practicable than specific performance under the
22 circumstances.

23 Section 210. Foreign association. Any foreign association
24 may carry on any proper activities in this State upon
25 compliance with the general regulations applicable to foreign

1 corporations desiring to do business in this State. All
2 contracts that could be made by any association incorporated
3 under this Act and that are made by or with such foreign
4 associations, shall be enforceable in this State with all of
5 the remedies set forth in this Act.

6 Section 215. Membership in other organizations. An
7 association may organize, form, operate, own, control, have an
8 interest in, own stock of, or be a member of any other
9 cooperative, corporation, or other form of organization.

10 Section 220. Stock not considered securities. Membership
11 stock and patronage stock of a cooperative are not to be
12 considered securities under the Illinois Securities Law of
13 1953.

14 Section 225. Application of laws.

15 (a) Except as otherwise provided in this Act, this Act
16 applies to all associations, whether organized under this Act
17 prior to the effective date of this Act or on or after that
18 date.

19 (b) Any law that is in conflict with this Act shall be
20 construed as not applying to associations provided for in this
21 Act.

22 (805 ILCS 310/Act rep.)

1 Section 999. The Co-operative Act is repealed.