



2.1           Subd. 3. **Alternative ballot.** "Alternative ballot" means a method of voting on a  
2.2 candidate or issue prescribed by the board of directors in advance of the vote, and may  
2.3 include voting by electronic, telephone, Internet, or other means that reasonably allow  
2.4 members the opportunity to vote.

2.5           Subd. 4. **Articles of incorporation or articles.** "Articles of incorporation" or  
2.6 "articles" means the articles of incorporation of a cooperative as originally filed and  
2.7 subsequently amended.

2.8           Subd. 5. **Board of directors or board.** "Board of directors" or "board" means the  
2.9 board of directors of a cooperative.

2.10          Subd. 6. **Chapter.** "Chapter" means sections 308C.001 to 308C.975.

2.11          Subd. 7. **Cooperative.** "Cooperative" means a cooperative organized under this  
2.12 chapter to provide housing on a cooperative plan as provided under this chapter.

2.13          Subd. 8. **Common elements.** "Common elements" means all portions of the  
2.14 cooperative other than the dwelling units.

2.15          Subd. 9. **Common expenses.** "Common expenses" means expenditures made or  
2.16 liabilities incurred by or on behalf of the cooperative together with any allocations to  
2.17 reserves.

2.18          Subd. 10. **Common expense liability.** "Common expense liability" means the  
2.19 liability for common expenses allocated to each dwelling unit which shall be allocated  
2.20 by a method provided for in the bylaws pursuant to section 308C.241, subdivision 2,  
2.21 paragraph (a), clause (7).

2.22          Subd. 11. **Developer.** "Developer" means a real estate developer in the business  
2.23 of building dwelling units that will be owned and operated by a cooperative organized  
2.24 under this chapter.

2.25          Subd. 12. **Domestic cooperative.** "Domestic cooperative" means a cooperative  
2.26 organized under this chapter.

2.27          Subd. 13. **Dwelling unit.** "Dwelling unit" means a residential housing unit  
2.28 consisting of a group of rooms and hallways which are designated or intended for use as  
2.29 living quarters for an individual, family, or other persons living together.

2.30          Subd. 14. **Filed with the secretary of state.** "Filed with the secretary of state"  
2.31 means a document meeting the applicable requirements of this chapter, signed and  
2.32 accompanied by the required filing fee that has been delivered to the Office of the  
2.33 Secretary of State. The secretary of state shall endorse on the document the word "filed" or  
2.34 a similar word determined by the secretary of state and the month, day, and year of filing,  
2.35 record the document in the Office of the Secretary of State, and return a document to the  
2.36 person or entity who delivered it for filing.

3.1 Subd. 15. **Foreign cooperative.** "Foreign cooperative" means a foreign business  
3.2 entity organized to conduct business on a cooperative plan consistent with this chapter.

3.3 Subd. 16. **Limited equity cooperative.** "Limited equity cooperative" means  
3.4 a cooperative formed under this chapter that limits the appreciation and value of a  
3.5 membership interest to a formula price set forth in the bylaws that is defined as the  
3.6 transfer value herein. A limited equity cooperative also sets limits on the extent to which a  
3.7 member may transfer a membership interest, and provides for a right of first refusal to  
3.8 purchase the interest in favor of the cooperative.

3.9 Subd. 17. **Member.** "Member" means any person who is approved for membership  
3.10 in the cooperative pursuant to the articles of incorporation or bylaws and who is  
3.11 identified as a member on the books and records of the cooperative and has been issued a  
3.12 membership certificate.

3.13 Subd. 18. **Membership certificate.** "Membership certificate" means a certificate  
3.14 evidencing ownership of a membership interest.

3.15 Subd. 19. **Membership interest.** "Membership interest" means the composite  
3.16 ownership of both a membership certificate issued by the cooperative and a possessory  
3.17 right of occupancy of a dwelling unit pursuant to an occupancy agreement, including a  
3.18 member's financial rights and a member governance rights.

3.19 Subd. 20. **Member meeting.** "Member meeting" means a regular or special meeting  
3.20 of members.

3.21 Subd. 21. **Occupant.** "Occupant" means any person legally entitled to occupy  
3.22 a dwelling unit, whether a member, a spouse or partner of a member, or a permitted  
3.23 sublessee or guest of a member.

3.24 Subd. 22. **Occupancy agreement.** "Occupancy agreement" means the agreement  
3.25 between the member and the cooperative describing the terms and conditions under which  
3.26 the member will occupy the dwelling unit appurtenant to the member's membership  
3.27 interest.

3.28 Subd. 23. **Project.** "Project" means the real property and improvements on the  
3.29 real property owned by the cooperative and appurtenant facilities, constituting the  
3.30 cooperative's housing facility.

3.31 Subd. 24. **Security interest.** "Security interest" means the lien on and security  
3.32 interest in a membership and occupancy agreement.

3.33 Subd. 25. **Subscription agreement.** "Subscription agreement" means the contract  
3.34 between a prospective member and the cooperative to purchase a membership interest  
3.35 in the cooperative.

4.1            Subd. 26. **Transfer value.** "Transfer value" means the formula price at which the  
4.2 cooperative can purchase the membership interest of a deceased or departing member.

4.3            Subd. 27. **Signed.** "Signed" means the signature of a person subscribed on a  
4.4 document, and with respect to a document required by this chapter to be filed with the  
4.5 secretary of state, means that the document has been signed by a person authorized to do  
4.6 so by this chapter, the articles or bylaws, or by a resolution approved by the directors or  
4.7 the members. A signature on a document may be a facsimile affixed, engraved, printed,  
4.8 placed, stamped with indelible ink, transmitted by facsimile or electronically, or in any  
4.9 other manner reproduced on the document.

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

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

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

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

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

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

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

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

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

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

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

4.32           Sec. 5. **[308C.101] RESERVATION OF RIGHT.**

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

5.1 Sec. 6. **[308C.111] FILING FEES.**

5.2 Unless otherwise provided, the filing fee for documents filed with the secretary of  
5.3 state under this chapter is \$60.

5.4 Sec. 7. **[308C.115] REGISTERED OFFICE.**

5.5 Subdivision 1. **Registered office.** A cooperative must establish and continuously  
5.6 maintain in this state a registered office that may be, but need not be, the same as its  
5.7 place of business.

5.8 Subd. 2. **Change of office.** A cooperative may designate or change its registered  
5.9 office upon filing in the Office of the Secretary of State a statement setting forth:

5.10 (1) the name of the cooperative;

5.11 (2) the address of the cooperative's then registered office;

5.12 (3) if the address of the cooperative's registered office is to be changed, the address  
5.13 to which the registered office is to be changed; and

5.14 (4) that the change was authorized by affirmative vote of a majority of the board  
5.15 of the cooperative.

5.16 Subd. 3. **Filing.** The statement shall be signed and delivered to the secretary of  
5.17 state. If the secretary of state finds that the statement conforms to the provisions of this  
5.18 section, the secretary of state shall file the statement, and upon filing the change of address  
5.19 of the registered office or the appointment of a new registered agent or both, as the case  
5.20 may be, is effective.

5.21 Sec. 8. **[308C.121] PERIODIC REGISTRATION.**

5.22 Subdivision 1. **Periodic registration in certain years.** Each cooperative governed  
5.23 by this chapter and each foreign cooperative registered under section 308C.... must file a  
5.24 periodic registration with the secretary of state in each odd-numbered year. In these years,  
5.25 the secretary of state must send by first class mail a registration form to the registered  
5.26 office of each cooperative and registered foreign cooperative as shown in the records of  
5.27 the secretary of state, or if no such address is in the records, to the location of the principal  
5.28 place of business shown in the records of the secretary of state. For a cooperative, the  
5.29 form must include the following notice:

5.30 "NOTICE: Failure to file this form by December 31 of this year will result in the  
5.31 dissolution of this cooperative without further notice from the secretary of state, under  
5.32 Minnesota Statutes, section 308C.121, subdivision 4, paragraph (b)."

6.1           Subd. 2. **Registration form.** In each calendar year in which a registration is to be  
6.2 filed, a cooperative must file with the secretary of state a registration by December 31  
6.3 of that calendar year containing:

6.4           (1) the name of the cooperative;

6.5           (2) the address of its registered office;

6.6           (3) the address of its principal place of business, if different from the registered  
6.7 office address; and

6.8           (4) the name and business address of the officer or other person exercising the  
6.9 principal functions of the general manager of the cooperative.

6.10          Subd. 3. **Public information.** The information required by subdivision 2 is public  
6.11 data for purposes of section 13.03.

6.12          Subd. 4. **Penalty; dissolution.** (a) A cooperative that has failed to file a registration  
6.13 under the requirements of this section must be dissolved by the secretary of state as  
6.14 described in paragraph (b).

6.15          (b) If the cooperative has not filed the registration by December 31 of that calendar  
6.16 year, the secretary of state must issue a certificate of involuntary dissolution, and the  
6.17 certificate must be filed in the Office of the Secretary of State. A cooperative dissolved in  
6.18 this manner is not entitled to the benefits of section 308C.971.

6.19          Subd. 5. **Reinstatement.** A cooperative may retroactively reinstate its existence  
6.20 by filing a single annual registration and paying a \$25 fee. Filing the annual registration  
6.21 with the secretary of state:

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

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

6.25          (3) restores to the cooperative all assets and rights of the cooperative and its  
6.26 shareholders or members to the extent they were held by the cooperative and its  
6.27 shareholders or members before the dissolution occurred, except to the extent that  
6.28 assets or rights were affected by acts occurring after the dissolution or sold or otherwise  
6.29 distributed after that time.

6.30          Sec. 9. **[308C.201] ORGANIZATIONAL PURPOSE.**

6.31          A cooperative may be formed and organized on a cooperative plan (1) to provide  
6.32 its members with residential housing and common facilities on a nonprofit cooperative  
6.33 basis, consistent with the provisions in the cooperative's articles of incorporation, bylaws,  
6.34 and occupancy agreement, and (2) to provide products, supplies, and services to the  
6.35 cooperative's members.

7.1 Sec. 10. [308C.205] INCORPORATORS.

7.2 A cooperative may be organized by one or more incorporators who shall be adult  
7.3 natural persons, and who may act for themselves as individuals or as agents of other  
7.4 entities.

7.5 Sec. 11. [308C.211] COOPERATIVE NAME.

7.6 Subdivision 1. Distinguished name. The name of a cooperative shall distinguish  
7.7 the cooperative upon the records in the Office of the Secretary of State from the name  
7.8 of a domestic business entity or a foreign business entity, authorized or registered to do  
7.9 business in this state, or a name the right to which is, at the time of organization, reserved  
7.10 or provided for by law.

7.11 Subd. 2. Reservation. The cooperative name shall be reserved for the cooperative  
7.12 during its existence.

7.13 Sec. 12. [308C.215] ARTICLES OF INCORPORATION.

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

7.15 (1) the name of the cooperative;

7.16 (2) the purpose of the cooperative, which shall be to provide residential dwelling  
7.17 units to members;

7.18 (3) the name and address of each initial director;

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

7.20 (5) a statement that the cooperative has one class of membership;

7.21 (6) the assessments collected annually for common expenses in excess of common  
7.22 expenses shall be refunded annually on the basis of patronage, which may, upon resolution  
7.23 of the board of directors, be credited to the following year's assessments; and

7.24 (7) that voting by proxy is prohibited.

7.25 (b) The articles may contain any other lawful provision.

7.26 (c) The articles shall be signed by the incorporator.

7.27 Subd. 2. Filing. The original articles and a designation of the cooperative's  
7.28 registered office and agent shall be filed with the secretary of state. The fee for filing the  
7.29 articles with the secretary of state is \$60.

7.30 Subd. 3. Effect of filing. When the articles of incorporation have been filed in the  
7.31 Office of the Secretary of State and the required fee has been paid to the secretary of  
7.32 state, it shall be presumed that:

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

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

8.3 (3) the secretary of state shall issue a certificate of incorporation to the cooperative.

8.4 Sec. 13. **[308C.221] AMENDMENT OF ARTICLES.**

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

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

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

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

8.16 (ii) for a cooperative with articles or bylaws requiring more than majority approval  
8.17 or other conditions for approval, the amendment is approved by a proportion of the votes  
8.18 cast or a number of total members as required by the articles or bylaws and the conditions  
8.19 for approval in the articles or bylaws have been satisfied.

8.20 (b) After an amendment has been adopted by the members, the amendment shall be  
8.21 signed by the president and secretary, and a copy of the amendment filed in the Office  
8.22 of the Secretary of State.

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

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

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

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

8.28 (4) the vote cast adopting the amendment.

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

8.31 Subd. 3. **Amendment by directors.** A majority of directors may amend the articles  
8.32 if the cooperative does not have any members with voting rights.

8.33 Subd. 4. **Filing.** An amendment of the articles shall be filed with the secretary  
8.34 of state. The amendment is effective upon filing or the date specified in the resolution  
8.35 adopting the amendment.

9.1       Sec. 14. [308C.225] AMENDMENT OF ORGANIZATIONAL DOCUMENTS TO  
9.2 BE GOVERNED BY THIS CHAPTER.

9.3       Subdivision 1. Authority. A housing cooperative organized under chapters 308A  
9.4 and 515B may convert and become exclusively subject to this chapter terminating its  
9.5 common interest community declaration and amending its articles of incorporation to  
9.6 conform to the requirements of this chapter. The decision to terminate the common interest  
9.7 community declaration and amend the articles of incorporation bringing the cooperative  
9.8 under this chapter shall occur upon the affirmative vote of 80 percent of the members  
9.9 voting at a duly called and held meeting of members. A certificate of amendment of  
9.10 the articles of incorporation shall be signed by the president and secretary and filed in  
9.11 the Office of the Secretary of State. A recordable certificate containing a statement that  
9.12 the membership terminated the common interest community declaration and the date of  
9.13 the meeting when the member meeting was held shall be signed by the president and  
9.14 secretary and recorded in the county recorder's office in the county where the cooperative's  
9.15 dwelling unit is located. Upon the filing of the certificate of amendment in the Office  
9.16 of the Secretary of State and upon the recording of the written certificate in the county  
9.17 recorder's office, the common interest community declaration is terminated.

9.18       Subd. 2. Effect of being governed by this chapter. The conversion of a  
9.19 cooperative organized under chapter 308A to a cooperative governed by this chapter does  
9.20 not affect any obligations or liabilities of the cooperative before the conversion or the  
9.21 personal liability of any person incurred before the conversion. When the conversion is  
9.22 effective, the rights, privileges, and powers of the cooperative, real and personal property  
9.23 of the cooperative, debts due to the cooperative, and causes of action belonging to the  
9.24 cooperative, remain vested in the cooperative and are the property of the cooperative as  
9.25 converted and governed by this chapter. Title to real property vested by deed or otherwise  
9.26 in the cooperative organized under chapter 308A does not revert and is not impaired by  
9.27 reason of the cooperative being converted and governed by this chapter. Rights of creditors  
9.28 and liens upon property of the cooperative under chapter 308A are preserved unimpaired,  
9.29 and debts, liabilities, and duties of the cooperative under chapter 308A remain attached to  
9.30 the cooperative as converted and governed by this chapter and may be enforced against  
9.31 the cooperative to the same extent as if the debts, liabilities, and duties had originally been  
9.32 incurred or contracted by the cooperative as organized under this chapter. The rights,  
9.33 privileges, powers, and interests in property of the cooperative under chapter 308A, as well  
9.34 as the debts, liabilities, and duties of the cooperative are not deemed, as a consequence of  
9.35 the conversion, to have been transferred for any purpose of the laws of this state.

10.1 Sec. 15. [308C.231] CURATIVE FILING.

10.2 If the secretary of state determines that an error in filing has been made by the  
10.3 cooperative, the secretary of state may revoke and expunge the erroneous filing and  
10.4 authorize a curative document to be filed. A filing fee of \$500 shall be charged for any  
10.5 such revocation or expungement and subsequent curative filing.

10.6 Sec. 16. [308C.235] EXISTENCE.

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

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

10.11 Sec. 17. [308C.241] BYLAWS.

10.12 Subdivision 1. Required. A cooperative shall have bylaws governing the  
10.13 cooperative's business affairs, structure, qualifications, classification, rights, and  
10.14 obligations of members, which are not otherwise provided in the articles or by this chapter.

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

10.16 (1) that the purpose of the cooperative is to provide residential dwelling units  
10.17 for members of the cooperative and any limitations on the number of members of the  
10.18 cooperative;

10.19 (2) the eligibility requirements to accept members, that members must remain  
10.20 continuously eligible after acceptance, that membership is coextensive with the right to  
10.21 occupy the dwelling unit, and whether eligibility requirements can be modified or waived  
10.22 by the board of directors;

10.23 (3) that the cooperative has one class of membership, that memberships shall be  
10.24 restricted to one vote for each membership regardless of whether more than one person  
10.25 owns an interest in the membership; that joint owners of a membership must decide  
10.26 between themselves how to cast the single vote allotted to the membership; that if joint  
10.27 owners do not agree how to cast a vote, a vote shall not be cast;

10.28 (4) the basis for transfer of memberships including, but not limited to, upon a  
10.29 member's death, and that transfers must be approved by the board of directors in its sole  
10.30 discretion;

10.31 (5) if the cooperative intends to operate as a limited equity cooperative, the use and  
10.32 calculation of transfer value, including limits on the extent to which membership interests  
10.33 may appreciate in value, and the extent, if any, of the cooperative's power to exercise a

11.1 right of first refusal or option to acquire a member's interest and the conditions under  
11.2 which that power is exercised;

11.3 (6) the manner of admission, withdrawal, and expulsion of members;

11.4 (7) the basis for allocating common expenses, charges, outlays, and other  
11.5 expenditures or payments of the cooperative among dwelling units. Unless limited in the  
11.6 bylaws, the board of directors may use any approach the board believes to be fair and is a  
11.7 reasonable reflection of use or consumption, provided that the sum of each category of  
11.8 interests allocated at any time to all memberships under any of the provisions must equal  
11.9 one if stated as a fraction or 100 percent if stated as a percentage;

11.10 (8) the number of directors and the qualifications, manner of election, powers, duties,  
11.11 and compensation, if any, of directors, that except for member approval of amendments of  
11.12 the articles of incorporation, the sale of all or substantially all assets of the cooperative,  
11.13 merger, consolidation, or dissolution, the board of directors exercises all corporate powers  
11.14 including, but not limited to, the powers identified in section 308C.301, unless any powers  
11.15 are further limited or modified by the articles of incorporation or bylaws;

11.16 (9) the circumstances under which the board of directors may execute share loan  
11.17 recognition agreements with lenders that provide members with loans to finance the  
11.18 purchase of memberships in the cooperative, and the limitations of recognition agreements;

11.19 (10) the circumstances under which liens are imposed against membership interests  
11.20 and occupancy rights, how the liens are foreclosed by the cooperative, and the process by  
11.21 which the cooperative may remove the members and occupants from the dwelling units;

11.22 (11) that meetings of the board of directors must be open to the membership. To the  
11.23 extent practicable, the board shall give reasonable notice to the membership of the date,  
11.24 time, and place of each open board meeting. If the date, time, and place of meetings are  
11.25 provided for in the articles of incorporation or bylaws, announced at a previous meeting of  
11.26 the board, posted in a location accessible to the membership and designated by the board  
11.27 from time to time, or if an emergency requires immediate consideration of a matter by  
11.28 the board, notice is not required. "Notice" has the meaning given in section 317A.011,  
11.29 subdivision 14. Meetings may be closed to discuss the following:

11.30 (i) personnel matters;

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

12.1 (iii) criminal activity arising within the common interest community if the board  
12.2 determines that closing the meeting is necessary to protect the privacy of the victim or that  
12.3 opening the meeting would jeopardize investigation of the activity; or

12.4 (iv) meetings with legal counsel for counsel and advice on any matter of concern to  
12.5 the board.

12.6 Nothing in this subdivision imposes a duty on the board to provide special facilities  
12.7 for meetings. The failure to give notice as required by this subdivision shall not invalidate  
12.8 the board meeting or any action taken at the meeting. The minutes of any part of a meeting  
12.9 that is closed under this subdivision may be kept confidential at the discretion of the board;

12.10 (12) a statement that no member shall make any betterment or improvement to any  
12.11 dwelling unit without first obtaining the consent of the cooperative's board of directors; and

12.12 (13) a statement that in the event any member violates any covenant or fails to  
12.13 perform any condition contained in the cooperative's bylaws or its occupancy agreement  
12.14 with the member, the cooperative may perform the act, remove the defect, or correct the  
12.15 violation upon 30 days' written notice to the member. If the cooperative so acts on behalf  
12.16 of a member, the cooperative may levy an assessment against the member's membership  
12.17 and dwelling unit for the cost of the performance or correction.

12.18 (b) Any provisions required by the articles must be in the bylaws.

12.19 Subd. 3. **Adoption.** (a) Bylaws shall be adopted before accepting subscriptions  
12.20 and may be adopted by the initial board if, at the time of adoption, the cooperative does  
12.21 not have any members with voting rights.

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

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

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

12.30 (3) the bylaws or amendment is approved by the affirmative vote of at least 51  
12.31 percent of the outstanding memberships.

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

12.33 (a) A cooperative shall keep as permanent records minutes of all meetings of its  
12.34 members and of the board, a record of all actions taken by the members or the board

13.1 without a meeting by a written unanimous consent in lieu of a meeting, and a record of all  
13.2 waivers of notices of meetings of the members and of the board.

13.3 (b) A cooperative shall maintain appropriate accounting records.

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

13.6 (d) A cooperative shall keep a copy of each of the following records at its principal  
13.7 office:

13.8 (1) articles and other governing instruments;

13.9 (2) bylaws or other similar instruments;

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

13.12 (4) minutes of meetings, and records of all actions taken by members without a  
13.13 meeting by unanimous written consent in lieu of a meeting, for the past three years;

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

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

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

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

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

13.24 (f) Records relating to information that was the basis for closing a board meeting  
13.25 under section 308C.241, subdivision 2, paragraph (a), clause (11), including the minutes  
13.26 thereof, shall not be available for either inspection or copying by members.

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

13.28 **Subdivision 1. Generally.** (a) In addition to other powers, a cooperative as an  
13.29 agent or otherwise:

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

13.32 (2) has other rights, powers, or privileges granted by the laws of this state to other  
13.33 cooperatives, except those that are inconsistent with the express provisions of this chapter.

14.1            Subd. 2. Powers exercised by board of directors. (a) Subject to the provisions of  
14.2 the articles of incorporation or bylaws, the cooperative, through the board of directors of  
14.3 the cooperative, shall have the power to:

14.4            (1) adopt, amend, and revoke rules and regulations not inconsistent with the articles  
14.5 of incorporation and bylaws, as follows:

14.6            (i) regulating the use of the common elements;

14.7            (ii) regulating the use of the dwelling units and conduct of dwelling unit occupants,  
14.8 which may jeopardize the health, safety, or welfare of other occupants, which involves  
14.9 noise or other disturbing activity, or which may damage the common elements or other  
14.10 dwelling units;

14.11           (iii) regulating or prohibiting animals;

14.12           (iv) regulating changes in the appearance of the common elements and conduct  
14.13 which may damage the cooperative;

14.14           (v) regulating the exterior appearance of the cooperative, including, for example,  
14.15 balconies and patios, window treatments, and signs and other displays, regardless of  
14.16 whether inside a dwelling unit;

14.17           (vi) implementing the articles of incorporation and bylaws, and exercising the  
14.18 powers granted by this section; and

14.19           (vii) otherwise facilitating the operation of the cooperative;

14.20           (2) adopt and amend budgets for revenues, expenditures, and reserves, and levy and  
14.21 collect assessments for common expenses from members;

14.22           (3) hire and discharge managing agents and other employees, agents, and  
14.23 independent contractors;

14.24           (4) institute, defend, or intervene in litigation or administrative proceedings in its  
14.25 own name on behalf of itself on matters affecting the common elements or other matters  
14.26 affecting the cooperative;

14.27           (5) make contracts and incur liabilities;

14.28           (6) purchase, acquire, hold, or dispose of the ownership interests of another business  
14.29 entity or organize business entities whether organized under the laws of this state or another  
14.30 state or the United States and assume all rights, interests, privileges, responsibilities, and  
14.31 obligations arising out of the ownership interests, including a business entity organized;

14.32           (7) regulate the use, maintenance, repair, replacement, and modification of the  
14.33 common elements and the dwelling units;

14.34           (8) cause improvements to be made as a part of the common elements and the  
14.35 dwelling units;

15.1 (9) acquire, hold, encumber, and convey in its own name any right, title, or interest  
15.2 to real estate or personal property of the cooperative;

15.3 (10) grant easements for public utilities, public rights-of-way or other public  
15.4 purposes, and cable television or other communications, through, over, or under the  
15.5 common elements;

15.6 (11) impose charges for late payment of assessments and, after notice and an  
15.7 opportunity to be heard, levy reasonable fines for violations of the bylaws, occupancy  
15.8 agreement, and rules and regulations of the cooperative;

15.9 (12) impose reasonable charges for the review and preparation of documents  
15.10 requested by members, statements of unpaid assessments, or furnishing copies of  
15.11 cooperative records;

15.12 (13) provide for the indemnification of its officers and directors, and maintain  
15.13 directors' and officers' liability insurance;

15.14 (14) provide for reasonable procedures governing the conduct of meetings and  
15.15 election of directors;

15.16 (15) exercise any and all fiduciary powers in relations with members, cooperatives,  
15.17 or business entities from which it is constituted; and

15.18 (16) exercise all other powers necessary or convenient to effect any or all of the  
15.19 purposes for which cooperatives are formed under this chapter.

15.20 Sec. 20. **[308C.303] NATURE OF A MEMBERSHIP INTEREST AND**  
15.21 **STATEMENT OF INTEREST OWNED.**

15.22 Subdivision 1. **Generally.** A membership interest is personal property. A member  
15.23 has no interest in specific cooperative property except the right to occupy a dwelling unit  
15.24 pursuant to an occupancy agreement and use the common elements.

15.25 Subd. 2. **Lien on membership interest.** The cooperative has a lien on the  
15.26 membership and dwelling unit represented by the membership certificate for all sums  
15.27 due and to become due under the bylaws or occupancy agreement. The board may  
15.28 refuse consent to the transfer of the membership interest represented by the membership  
15.29 certificate until all outstanding sums due under the occupancy agreement are paid or for  
15.30 other reasonable cause described in the bylaws.

15.31 Sec. 21. **[308C.304] DEVELOPER RIGHTS, RESTRICTIONS, AND**  
15.32 **OBLIGATIONS.**

15.33 Subdivision 1. **Developer control.** If a developer causes a cooperative to be  
15.34 organized under this chapter, the developer shall have the right to appoint an initial

16.1 board of directors consisting of three persons. The developer's control of the board shall  
16.2 terminate on the date of the first annual meeting of members, which meeting shall occur  
16.3 on or about 60 days after the date of the certificate of occupancy issued for the project by  
16.4 the municipality in which the project is situated.

16.5 Subd. 2. **Termination of developer's contracts.** If entered into prior to termination  
16.6 of the period of developer control, any contract, lease, or license binding the cooperative  
16.7 and to which the developer or an affiliate of the developer is a party, may be terminated  
16.8 without penalty by the cooperative upon not less than 90 days' notice. Such notice shall be  
16.9 in writing and shall be effective upon hand delivery, or upon mailing properly addressed  
16.10 with postage prepaid and deposited in the United States mail.

16.11 This subdivision does not apply to any mortgage encumbering the cooperative's  
16.12 real estate.

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

16.17 (b) At such time as the developer's control of the cooperative terminates, the  
16.18 developer shall cause to be delivered to the board elected by the members exclusive  
16.19 control of all funds of the cooperative, all contracts and agreements to which the  
16.20 cooperative was or is a party, all corporate records of the cooperative, and all plans and  
16.21 specifications relating to the project.

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

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

16.30 **Sec. 22. [308C.305] OFFERING DOCUMENTS; GENERAL PROVISIONS.**

16.31 Subdivision 1. **General.** The cooperative shall provide to each subscriber for a  
16.32 membership in the cooperative:

- 16.33 (1) an information bulletin;  
16.34 (2) an occupancy agreement;  
16.35 (3) articles of incorporation;

- 17.1           (4) bylaws;  
17.2           (5) an annualized budget for the first year of operation; and  
17.3           (6) a subscription agreement including but not limited to the provisions of  
17.4 subdivisions 2 to 4.

17.5           Subd. 2. **Information bulletin.** (a) With respect to the initial sale of all of the  
17.6 cooperative's authorized membership interests, each subscriber for membership shall be  
17.7 given an information bulletin that shall fully and accurately disclose:

- 17.8           (1) the name and principal address of the cooperative;  
17.9           (2) the number of dwelling units in the project;  
17.10          (3) a general description of the project, including, at a minimum:  
17.11          (i) the number of buildings;  
17.12          (ii) the number of dwellings per building;  
17.13          (iii) the type of construction;  
17.14          (iv) whether the project involves new construction or rehabilitation;  
17.15          (v) whether any building was wholly or partially occupied, for any purpose, before it  
17.16 was added to the project, and the nature of the occupancy;  
17.17          (vi) a general description of any roads, trails, or utilities that are located on the  
17.18 common elements and that the cooperative will be required to maintain;  
17.19          (vii) the name of the developer, the developer's credentials, and the credentials of the  
17.20 persons constituting the initial board of directors of the cooperative; and  
17.21          (viii) a statement that the developer shall be financially liable for all of the common  
17.22 expenses and costs allocated to the unsold membership interests and dwelling units  
17.23 appurtenant thereto until such membership interests are sold to the initial purchasers  
17.24 thereof;  
17.25          (4) the cooperative's schedule of commencement and completion of construction of  
17.26 any buildings and other improvements that the cooperative is obligated to build;  
17.27          (5) any expenses or services, not reflected in the budget, that the cooperative pays  
17.28 or provides, which may become a common expense and the projected common expense  
17.29 attributable to each of those expenses or services;  
17.30          (6) identification of any liens, defects, or encumbrances which will continue to affect  
17.31 the title to a dwelling unit or to any real property owned by the cooperative after the  
17.32 contemplated conveyance;  
17.33          (7) a statement disclosing the extent of the cooperative's or an affiliate of the  
17.34 cooperative's actual knowledge after reasonable inquiry, any unsatisfied judgments or  
17.35 lawsuits to which the cooperative is a party, and the status of those lawsuits which are  
17.36 material to the project or the dwelling unit being purchased;

18.1 (8) a summary of the insurance coverage provided by the cooperative for the benefit  
18.2 of members and a detailed description of the insurance coverage that members are  
18.3 encouraged to purchase for their own benefit;

18.4 (9) a statement describing:

18.5 (i) whether the members will be entitled, for federal and state tax purposes, to deduct  
18.6 payments made by the cooperative for real estate taxes and interest paid to the holder of a  
18.7 security interest encumbering the cooperative;

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

18.10 and

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

18.14 (10) a statement:

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

18.19 (ii) setting forth the amount of real estate taxes expected to be allocated to the  
18.20 dwelling units, including the amount of any special assessment certified for payment with  
18.21 the real estate taxes, due and payable with respect to the dwelling unit in the year in  
18.22 which the information bulletin is given;

18.23 (11) any recorded covenants, conditions, restrictions, and reservations affecting  
18.24 the project, a statement that the occupancy agreement must be signed at the closing, a  
18.25 statement that members are required to abide by the bylaws and articles of incorporation  
18.26 including amendments from time to time, and a brief narrative description of any material  
18.27 agreements entered into between the cooperative and a governmental entity that affect  
18.28 the project;

18.29 (12) a budget prepared by the developer pursuant to provisions of section 308C.306;  
18.30 and

18.31 (13) a statement that the cooperative will observe the basic cooperative principle  
18.32 that purchase and sales of memberships and rights under occupancy agreements are not  
18.33 for speculative purposes and that investments in the cooperative by members are for  
18.34 the sole purpose of securing and acquiring a dwelling unit for the members' residential  
18.35 use and benefit.

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

19.3 Subd. 3. Resale disclosure certificate. (a) In the event of a resale of a membership  
19.4 interest by either the departing member or the cooperative, the departing member or  
19.5 cooperative, as applicable, shall furnish to the purchaser, before the execution of any  
19.6 purchase document for the applicable membership interest, the following documents  
19.7 relating to the cooperative:

19.8 (1) copies of the articles of incorporation and bylaws, any rules and regulations,  
19.9 and any amendments thereto; and

19.10 (2) a resale disclosure certificate containing the information in paragraph (b).

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

19.12 (1) the name of the cooperative;

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

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

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

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

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

19.22 (7) copies of the then most current financial statements of the cooperative, including  
19.23 balance sheet and income and expense statements;

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

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

19.27 (10) the resale disclosure certificate shall contain a certification by the subscribing  
19.28 party that the information contained therein is true and correct as of the date of the  
19.29 certification.

19.30 Subd. 4. Subscription agreement. The subscription agreement must include the  
19.31 following provisions:

19.32 (1) a statement that all subscription funds received from applicants will be deposited  
19.33 promptly without deduction in an escrow account at a bank or banks whose deposits are  
19.34 insured by an agency of the federal government. The escrow account shall be controlled  
19.35 by a licensed title insurance company or agent thereof, which money in the account will  
19.36 be held solely for the benefit of the subscribers until transferred to the account of the

20.1 cooperative as provided in clauses (2) to (5). The escrow account may be interest bearing,  
20.2 in which event interest earnings shall accrue to the benefit of subscribers, except that  
20.3 subscription funds and interest earned, if any, may be used solely to pay the escrow agent to  
20.4 administer the escrow account and to pay costs and expenses associated with the offering;

20.5 (2) a statement that refundable subscription funds will be immediately refunded by  
20.6 the escrow agent to an applicant whose subscription agreement is terminated pursuant to  
20.7 the agreement and a statement whether the return of subscription funds will be with or  
20.8 without accrued interest earned on the escrow;

20.9 (3) a statement concerning the deadline by when sufficient subscribers and loan  
20.10 commitments must be obtained, and a statement that if the deadline is not attained, the  
20.11 subscriber's escrowed funds will be released to them;

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

20.15 (5) a statement that:

20.16 (i) within ten days after the receipt of an information bulletin, a purchaser may  
20.17 cancel his subscription agreement for the purchase of a membership in a cooperative,  
20.18 provided that the right to cancel terminates upon the purchaser's voluntary acceptance  
20.19 of a conveyance of the membership interest from the cooperative or by the purchaser  
20.20 agreeing to modify or waive the right to cancel by a separate writing from the subscription  
20.21 agreement and signed by the purchaser more than three days after the purchaser receives  
20.22 the information bulletin; and

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

20.26 Sec. 23. **[308C.306] BUDGET AND REPLACEMENT RESERVE**  
20.27 **REQUIREMENTS.**

20.28 Subdivision 1. **Requirements.** The annual budget of the cooperative shall include,  
20.29 without limitation:

20.30 (1) a statement of the amount included in the budget as a reserve for replacement,  
20.31 the components of the cooperative for which the reserves are budgeted, and the amount of  
20.32 the reserves, if any, that are allocated for the replacement of each of those components;

20.33 (2) a statement of the general operating reserve;

20.34 (3) a statement of any other reserves;

21.1 (4) the projected common expense for each category of expenditures for the  
21.2 cooperative; and

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

21.5 Subd. 2. **Replacement reserves.** The cooperative shall include in its annual budget  
21.6 replacement reserves projected by the board to be adequate, together with past and future  
21.7 contributions to fund the replacement of those components of the cooperative which the  
21.8 cooperative is obligated to replace by reason of ordinary wear and tear or obsolescence,  
21.9 subject to the following provisions.

21.10 (a) The annual budget need not include reserves for replacement of components that  
21.11 have a remaining useful life of more than 30 years.

21.12 (b) The cooperative shall keep the replacement reserves in an account or accounts  
21.13 separate from the cooperative's operating funds and shall not use or borrow from the  
21.14 replacement reserves to fund the cooperative's operating expenses. This restriction shall  
21.15 not affect the cooperative's authority to pledge the replacement reserves as security for a  
21.16 loan to the cooperative.

21.17 (c) The cooperative shall reevaluate the adequacy of its budgeted replacement  
21.18 reserves at least every third year after the filing of the cooperative's articles of  
21.19 incorporation.

21.20 Sec. 24. **[308C.307] LIEN FOR ASSESSMENTS.**

21.21 (a) The cooperative has a lien on a membership interest and occupancy agreement  
21.22 for any assessment levied against that membership interest from the time the assessment  
21.23 becomes due. If an assessment is payable in installments, the full amount of the  
21.24 assessment is a lien from the time the first installment becomes due. Unless the bylaws  
21.25 provide otherwise, any fee, charge, or payment that members must regularly pay to the  
21.26 cooperative is enforceable as an assessment under this section.

21.27 (b) A lien under this section is prior to all other liens and encumbrances on a  
21.28 membership certificate except (1) liens, encumbrances, or mortgages which the cooperative  
21.29 creates, assumes, or takes subject to, or (2) any first security interest encumbering only the  
21.30 membership interest. If a first security interest encumbering a membership interest which  
21.31 is personal property is foreclosed, the secured party or the purchaser at the sale shall take  
21.32 title to the membership interest subject to unpaid assessments. This paragraph shall not  
21.33 affect the priority of mechanics' liens encumbering the project.

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

22.1 (d) The member, at the time an assessment is due, shall be personally liable to  
22.2 the cooperative for payment of the assessment levied against the membership interest.  
22.3 If there are multiple owners of the membership interest, the members shall be jointly  
22.4 and severally liable.

22.5 (e) This section does not prohibit actions to recover sums for which paragraph (a)  
22.6 creates a lien or prohibit a cooperative from taking an assignment of the membership  
22.7 certificate and occupancy agreement or other conveyance documents agreed upon by  
22.8 the parties in lieu of foreclosure.

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

22.14 Sec. 25. **[308C.309] FORECLOSURE OF LIENS OR TO ACQUIRE**  
22.15 **OCCUPANCY RIGHTS FOLLOWING MEMBERSHIP TERMINATION.**

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

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

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

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

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

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

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

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

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

23.6           (3) \$500 TO APPLY TO ATTORNEY FEES ACTUALLY EXPENDED OR  
23.7 INCURRED; PLUS

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

23.11           (b) YOU SECURE FROM A DISTRICT COURT AN ORDER THAT THE  
23.12 FORECLOSURE OF YOUR RIGHTS TO YOUR MEMBERSHIP INTEREST AND  
23.13 YOUR RIGHT TO OCCUPY THE DWELLING UNIT APPURTENANT THERETO BE  
23.14 SUSPENDED UNTIL YOUR CLAIMS OR DEFENSES ARE FINALLY DISPOSED OF  
23.15 BY TRIAL, HEARING, OR SETTLEMENT. YOUR ACTION MUST SPECIFICALLY  
23.16 STATE THOSE FACTS AND GROUNDS THAT DEMONSTRATE YOUR CLAIMS  
23.17 OR DEFENSES.

23.18           IF YOU DO NOT DO ONE OR THE OTHER OF THE ABOVE THINGS  
23.19 WITHIN THE TIME PERIOD SPECIFIED IN THIS NOTICE, YOUR OWNERSHIP  
23.20 RIGHTS IN YOUR MEMBERSHIP INTEREST AND YOUR RIGHT TO OCCUPY  
23.21 THE DWELLING UNIT APPURTENANT THERETO WILL TERMINATE AT THE  
23.22 END OF THE PERIOD, YOU WILL LOSE ALL THE MONEY YOU HAVE PAID  
23.23 FOR YOUR MEMBERSHIP INTEREST, YOU WILL LOSE YOUR RIGHT TO  
23.24 OCCUPANCY OF YOUR DWELLING UNIT, YOU MAY LOSE YOUR RIGHT TO  
23.25 ASSERT ANY CLAIMS OR DEFENSES THAT YOU MIGHT HAVE, AND YOU  
23.26 WILL BE EVICTED. IF YOU HAVE ANY QUESTIONS ABOUT THIS NOTICE,  
23.27 CONTACT AN ATTORNEY IMMEDIATELY."

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

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

23.34           Sec. 26. [308C.401] BOARD GOVERNS COOPERATIVE.

24.1 A cooperative shall be governed by its board, which shall take all action for and on  
24.2 behalf of the cooperative, except those actions reserved or granted to members. Board  
24.3 action shall be by the affirmative vote of a majority of the directors voting at a duly  
24.4 called meeting unless a greater majority is required by the articles or bylaws. A director  
24.5 individually or collectively with other directors does not have authority to act for or on  
24.6 behalf of the cooperative unless authorized by the board. A director may advocate interests  
24.7 of members or member groups to the board, but the fiduciary duty of each director is to  
24.8 represent the best interests of the cooperative and all members collectively.

24.9 Sec. 27. **[308C.405] NUMBER OF DIRECTORS.**

24.10 The board shall not have fewer than three directors.

24.11 Sec. 28. **[308C.411] ELECTION OF DIRECTORS.**

24.12 Subdivision 1. **First board.** The first board of directors and the terms and office  
24.13 of each director shall be identified in the articles of incorporation that are filed in the  
24.14 Office of the Secretary of State. The first board of directors shall serve until directors are  
24.15 elected by members. Until election by members, the first board shall appoint directors to  
24.16 fill any vacancies.

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

24.19 (b) All directors shall be members of the cooperative.

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

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

24.26 (e) Directors shall not be compensated but may be reimbursed for reasonable and  
24.27 necessary expenses incurred when they are acting on behalf of the board of directors.

24.28 (f) A director may resign by giving written notice to the chair of the board or the  
24.29 board. The resignation is effective without acceptance when the notice is given to the  
24.30 chair of the board or the board unless a later effective time is specified in the notice.

24.31 Subd. 3. **Election at regular meeting.** Directors shall be elected at the regular  
24.32 meeting for the terms of office prescribed in the bylaws. Except for directors elected at  
24.33 special meetings to replace a vacancy, all directors shall be elected at the regular meeting.

25.1            Subd. 4. **Vote by mail or alternative ballot.** The following applies to voting by  
25.2 mail or alternative ballot voting:

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

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

25.6            (3) the member shall mark the ballot for the candidate chosen and mail the ballot to  
25.7 the cooperative in a sealed plain envelope inside another envelope bearing the member's  
25.8 name or shall vote designating the candidate chosen by alternative ballot in the manner  
25.9 prescribed by the board; and

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

25.13           Sec. 29. **[308C.415] FILLING VACANCIES.**

25.14           If a director's position is vacant, the board may appoint a member of the cooperative  
25.15 to fill the director's position until the next regular or special meeting. At the next regular  
25.16 or special meeting, the members must elect a director to fill the unexpired term of the  
25.17 vacant director's position.

25.18           Sec. 30. **[308C.421] REMOVAL OF DIRECTORS.**

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

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

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

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

25.26           (3) a majority of the remaining directors present affirmatively vote to remove the  
25.27 director; or

25.28           (4) a majority of the remaining directors present determine that a director violated  
25.29 the terms of a board policy handbook that was established by the board of directors and  
25.30 the remaining directors present affirmatively vote to remove the director.

25.31           Subd. 3. **Removal by members.** Any one or all of the directors may be removed at  
25.32 any time, with or without cause, by the affirmative vote of the holders of a majority of the  
25.33 voting power of members entitled to vote at an election of directors.

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

26.3            Sec. 31. **[308C.425] BOARD MEETINGS.**

26.4            Subdivision 1. **Time and place.** Meetings of the board may be held from time to  
26.5 time as provided in the articles or bylaws at any place within or without the state that the  
26.6 board may select or by any means described in subdivision 2. If the board fails to select  
26.7 a place for a meeting, the meeting must be held at the principal executive office, unless  
26.8 the articles or bylaws provide otherwise.

26.9            Subd. 2. **Electronic communications.** (a) A conference among directors by  
26.10 any means of communication through which the directors may simultaneously hear  
26.11 each other during the conference constitutes a board meeting, if the same notice for a  
26.12 meeting is given of the conference as is required by subdivision 3, and if the number of  
26.13 directors participating in the conference is sufficient to constitute a quorum at a meeting.  
26.14 Participation in a meeting by electronic communication constitutes presence in person  
26.15 at the meeting.

26.16            (b) A director may participate in a board meeting not described in paragraph (a) by  
26.17 any means of communication through which the director, other directors so participating,  
26.18 and all directors physically present at the meeting may simultaneously hear each other  
26.19 during the meeting. Participation in a meeting by electronic communication constitutes  
26.20 presence in person at the meeting.

26.21            Subd. 3. **Calling meetings and notice.** Unless the articles or bylaws provide for  
26.22 a different time period, a director may call a board meeting by giving at least two days'  
26.23 notice, or in the case of organizational meetings, at least five days' notice to all directors  
26.24 of the date, time, and place of the meeting. The notice need not state the purpose of the  
26.25 meeting unless this chapter, the articles, or the bylaws require it.

26.26            Subd. 4. **Previously scheduled meetings.** If the date, time, and place of a board  
26.27 meeting have been provided in the articles or bylaws, or announced at a previous board  
26.28 meeting, no notice is required. Notice of an adjourned meeting need not be given other  
26.29 than by announcement at the meeting at which adjournment is taken.

26.30            Subd. 5. **Waiver of notice.** A director may waive notice of a board meeting. A  
26.31 waiver of notice by a director entitled to notice is effective whether given before, at, or  
26.32 after the meeting, and whether given in writing, orally, or by attendance. Attendance by  
26.33 a director at a meeting is a waiver of notice of that meeting, except when the director  
26.34 objects at the beginning of the meeting to the transaction of business because the meeting

27.1 is not lawfully called or convened, and the director does not participate in the meeting  
27.2 after the objection.

27.3 Subd. 6. **Absent directors.** If provided by the articles or bylaws, a director may  
27.4 give advance written consent or opposition to a proposal to be acted on at a board meeting.  
27.5 If the director is not present at the meeting, consent or opposition to a proposal does not  
27.6 constitute presence for purposes of determining the existence of a quorum, but consent  
27.7 or opposition must be counted as the vote of a director present at the meeting in favor  
27.8 of or against the proposal and must be entered in the minutes or other record of action  
27.9 at the meeting, if the proposal acted on at the meeting is substantially the same or has  
27.10 substantially the same effect as the proposal to which the director has consented or  
27.11 objected.

27.12 Sec. 32. **[308C.431] QUORUM.**

27.13 A majority, or a larger proportion or number provided in the articles or bylaws, of  
27.14 the directors currently holding office is a quorum for the transaction of business. In the  
27.15 absence of a quorum, a majority of the directors present may adjourn a meeting from  
27.16 time to time until a quorum is present. If a quorum is present when a duly called or  
27.17 held meeting is convened, the directors present may continue to transact business until  
27.18 adjournment, even though the withdrawal of a number of directors originally present  
27.19 leaves less than the proportion or number otherwise required for a quorum.

27.20 Sec. 33. **[308C.435] ACT OF BOARD OF DIRECTORS.**

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

27.26 Sec. 34. **[308C.441] ACTION WITHOUT A MEETING.**

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

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

28.1 Subd. 3. **Notice and liability.** When written action is permitted to be taken by fewer  
28.2 than all directors, all directors must be notified immediately of its text and effective date.  
28.3 Failure to provide the notice does not invalidate the written action. A director who does  
28.4 not sign or consent to the written action has no liability for the action or actions taken by  
28.5 the written action.

28.6 Sec. 35. [308C.455] STANDARD OF CONDUCT.

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

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

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

28.17 (2) counsel, public accountants, or other persons as to matters that the director  
28.18 reasonably believes are within the person's professional or expert competence; or

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

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

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

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

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

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

28.34 Subd. 4. **Considerations.** In discharging the duties of the position of director, a  
28.35 director may, in considering the best interests of the cooperative, consider the interests of

29.1 the cooperative's employees, customers, suppliers, and creditors, the economy of the state,  
29.2 and long-term as well as short-term interests of the cooperative and its members, including  
29.3 the possibility that these interests may be best served by the continued independence  
29.4 of the cooperative.

29.5 Sec. 36. **[308C.461] DIRECTOR CONFLICTS OF INTEREST.**

29.6 Subdivision 1. Conflict and procedure when conflict arises. (a) A contract or  
29.7 other transaction between a cooperative and one or more of its directors, or between a  
29.8 cooperative and a business entity in which one or more of its directors are governors,  
29.9 directors, managers, officers, or legal representatives or have a material financial interest,  
29.10 is not void or voidable because the director or directors or the other business entities are  
29.11 parties or because the director or directors are present at the meeting of the members or  
29.12 the board or a committee at which the contract or transaction is authorized, approved,  
29.13 or ratified, if:

29.14 (1) the contract or transaction was, and the person asserting the validity of the  
29.15 contract or transaction sustains the burden of establishing that the contract or transaction  
29.16 was, fair and reasonable as to the cooperative at the time it was authorized, approved,  
29.17 or ratified, and:

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

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

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

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

29.30 Sec. 37. **[308C.465] LIMITATION OF DIRECTOR'S LIABILITY.**

29.31 Subdivision 1. Articles may limit liability. A director's personal liability to the  
29.32 cooperative of members for monetary damages for breach of fiduciary duty as a director  
29.33 may be eliminated or limited in the articles or bylaws except as provided in subdivision 2.

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

30.3            (1) for a breach of the director's duty of loyalty to the cooperative or its members;

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

30.6            (3) for knowing violations of laws or for illegal distributions;

30.7            (4) for a transaction from which the director derived an improper personal benefit; or

30.8            (5) for an act or omission occurring before the date when the provision in the articles  
30.9 or bylaws eliminating or limiting liability becomes effective.

30.10          Sec. 38. [308C.471] INDEMNIFICATION.

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

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

30.16            (c) "Official capacity" means:

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

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

30.22            (3) with respect to a director, general manager, member, or employee of the  
30.23 cooperative who, while a member, director, general manager, or employee of the  
30.24 cooperative, is or was serving at the request of the cooperative or whose duties in that  
30.25 position involve or involved service as a governor, director, manager, officer, member,  
30.26 partner, trustee, employee, or agent of another organization or employee benefit plan, the  
30.27 position of that person as a governor, director, manager, officer, member, partner, trustee,  
30.28 employee, or agent, as the case may be, of the other organization or employee benefit plan.

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

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

31.1            Subd. 2. **Indemnification.** (a) Subject to the provisions of subdivision 4, a  
31.2 cooperative shall indemnify a person made or threatened to be made a party to a  
31.3 proceeding by reason of the former or present official capacity of the person against  
31.4 judgments, penalties, fines, including, without limitation, excise taxes assessed against the  
31.5 person with respect to an employee benefit plan, settlements, and reasonable expenses,  
31.6 including attorney fees and disbursements incurred by the person in connection with the  
31.7 proceeding, if, with respect to the acts or omissions of the person complained of in the  
31.8 proceeding, the person:

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

31.14            (2) acted in good faith;

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

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

31.19            (5) in the case of acts or omissions occurring in the official capacity described in  
31.20 subdivision 1, paragraph (c), clause (1) or (2), reasonably believed that the conduct was in  
31.21 the best interests of the cooperative, or in the case of acts or omissions occurring in the  
31.22 official capacity described in subdivision 1, paragraph (c), clause (3), reasonably believed  
31.23 that the conduct was not opposed to the best interests of the cooperative. If the person's  
31.24 acts or missions complained of in the proceeding relate to conduct as a director, officer,  
31.25 trustee, employee, or agent of an employee benefit plan, the conduct is not considered to  
31.26 be opposed to the best interests of the cooperative if the person reasonably believed that  
31.27 the conduct was in the best interests of the participants or beneficiaries of the employee  
31.28 benefit plan.

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

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

32.1 (1) upon receipt by the cooperative of a written affirmation by the person of a good  
32.2 faith belief that the criteria for indemnification set forth in subdivision 2 have been  
32.3 satisfied, and a written undertaking by the person to repay all amounts paid or reimbursed  
32.4 by the cooperative, if it is ultimately determined that the criteria for indemnification  
32.5 have not been satisfied; and

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

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

32.11 Subd. 4. **Prohibition or limit on indemnification or advances.** The articles or  
32.12 bylaws either may prohibit indemnification or advances of expenses otherwise required  
32.13 by this section or may impose conditions on indemnification or advances of expenses  
32.14 in addition to the conditions contained in subdivisions 2 and 3, including, without  
32.15 limitation, monetary limits on indemnification or advances of expenses if the conditions  
32.16 apply equally to all persons or to all persons within a given class. A prohibition or limit  
32.17 on indemnification or advances of expenses may not apply to or affect the right of a  
32.18 person to indemnification or advances of expenses with respect to any acts or omissions  
32.19 of the person occurring before the effective date of a provision in the articles or the  
32.20 date of adoption of a provision in the bylaws establishing the prohibition or limit on  
32.21 indemnification or advances of expenses.

32.22 Subd. 5. **Witness reimbursement.** This section does not require or limit the  
32.23 ability of a cooperative to reimburse expenses, including attorney fees and disbursements  
32.24 incurred by a person in connection with an appearance as a witness in a proceeding at a  
32.25 time when the person has not been made or threatened to be made a party to a proceeding.

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

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

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

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

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

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

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

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

33.32 Subd. 8. **Disclosure.** A cooperative that indemnifies or advances expenses to a  
33.33 person in accordance with this section in connection with a proceeding by or on behalf  
33.34 of the cooperative shall report in writing to the members no later than the next meeting  
33.35 of members the amount of the indemnification or advance and to whom and on whose  
33.36 behalf it was paid.

34.1            Subd. 9. **Indemnification of other persons.** Nothing in this section must be  
34.2 construed to limit the power of the cooperative to indemnify persons other than a director,  
34.3 general manager, member, employee, or member of a committee of the board of the  
34.4 cooperative by contract or otherwise.

34.5            Sec. 39. **[308C.475] OFFICERS.**

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

34.7            (1) a president;

34.8            (2) one or more vice-presidents; and

34.9            (3) a secretary and a treasurer.

34.10           (b) The officers, other than the president, shall not have the authority to bind the  
34.11 cooperative except as authorized by the board.

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

34.14           Subd. 3. **Records officer and financial officer may be combined.** The offices of  
34.15 secretary and treasurer may be combined.

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

34.18           Subd. 5. **General manager.** The board may employ a general manager to manage  
34.19 the day-to-day affairs and business of the cooperative. If a general manager is employed,  
34.20 the general manager has the authority to implement the functions, duties, and obligations  
34.21 of the cooperative except as restricted by the board. The general manager shall not exercise  
34.22 authority reserved to the board or the members under this chapter, the articles, or bylaws.

34.23           Sec. 40. **[308C.501] MEMBERS.**

34.24           Subdivision 1. **Member violations.** (a) A member who knowingly, intentionally,  
34.25 or repeatedly violates a provision of the articles, bylaws, occupancy agreement, or rules,  
34.26 policies, and procedures promulgated by the board, may be required by the board to  
34.27 surrender the member's membership interest.

34.28           (b) Membership interests required to be surrendered may be reissued or be retired  
34.29 and canceled by the board.

34.30           Subd. 2. **Inspection of records.** A member is entitled to inspect and copy, at the  
34.31 member's expense, during regular business hours at a reasonable location specified by  
34.32 the cooperative, any of the records described in section 308C.245, except as otherwise  
34.33 limited under section 308C.245, paragraph (f).

35.1 Sec. 41. [308C.505] MEMBER NOT LIABLE FOR COOPERATIVE DEBTS.

35.2 A member is not, merely on the account of that status, personally liable for the  
35.3 acts, debts, liabilities, or obligations of a cooperative. A member is liable for any unpaid  
35.4 subscription for the membership interest, unpaid membership fees, or a debt for which the  
35.5 member has separately contracted with the cooperative.

35.6 Sec. 42. [308C.511] REGULAR MEMBER MEETINGS.

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

35.9 Subd. 2. Location. The regular member meeting shall be held at the principal place  
35.10 of business of the cooperative or at another conveniently located place as determined by  
35.11 the bylaws or the board.

35.12 Subd. 3. Business and fiscal reports. The officers shall submit reports to the  
35.13 members at the regular meeting covering the business of the cooperative for the previous  
35.14 fiscal year that show the condition of the cooperative at the close of the fiscal year. The  
35.15 report shall contain, at a minimum:

35.16 (1) a statement of any capital expenditures in excess of two percent of the current  
35.17 budget or \$5,000, whichever is greater, approved by the cooperative for the current fiscal  
35.18 year or succeeding two fiscal years;

35.19 (2) a statement of the balance of any reserve or replacement fund or any portion of  
35.20 the fund designated for any specific project by the board of directors;

35.21 (3) a copy of the statement of revenues and expenses for the cooperative's last fiscal  
35.22 year, and a balance sheet as of the end of the fiscal year;

35.23 (4) a statement of the status of any pending litigation or judgments to which the  
35.24 cooperative is a party;

35.25 (5) a detailed description of the insurance coverage provided by the cooperative; and

35.26 (6) a statement of the total past due carrying charges on all dwelling units, current as  
35.27 of not more than 60 days prior to the date of the annual meeting.

35.28 Subd. 4. Election of directors. All directors shall be elected at the regular meeting  
35.29 for the terms of office prescribed in the bylaws.

35.30 Subd. 5. Notice. (a) The cooperative shall give notice of regular meetings by  
35.31 mailing the regular meeting notice to each member at the members' last known post office  
35.32 address or by other notification approved by the board and agreed to by the members. The  
35.33 regular meeting notice shall be published or otherwise given by approved method at  
35.34 least two weeks before the date of the meeting or mailed at least 21 days but not more  
35.35 than 30 days before the date of the meeting.

36.1 (b) The notice shall contain a summary of any bylaw amendments adopted by the  
36.2 board since the last annual meeting.

36.3 Subd. 6. **Waiver and objections.** A member may waive notice of a meeting of  
36.4 members. A waiver of notice by a member entitled to notice is effective whether given  
36.5 before, at, or after the meeting, and whether given in writing, orally, or by attendance.  
36.6 Attendance by a member at a meeting is a waiver of notice of that meeting, except when  
36.7 the member objects at the beginning of the meeting to the transaction of business because  
36.8 the meeting is not lawfully called or convened, or objects before a vote on an item of  
36.9 business because the item may not lawfully be considered at that meeting and the member  
36.10 does not participate in the consideration of the item at that meeting.

36.11 Subd. 7. **Order of business.** The order of business at all regularly scheduled  
36.12 meetings of the members will be as follows:

- 36.13 (1) determination of quorum;
- 36.14 (2) proof of notice of meeting or waiver of notice;
- 36.15 (3) reading or approval of minutes of preceding meeting;
- 36.16 (4) reports of officers;
- 36.17 (5) reports of committees;
- 36.18 (6) report of manager or managing agent;
- 36.19 (7) election of directors;
- 36.20 (8) unfinished business; and
- 36.21 (9) new business.

36.22 Sec. 43. **[308C.515] SPECIAL MEETINGS.**

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

- 36.24 (1) a majority vote of the board; or
- 36.25 (2) the written petition of at least 20 percent of all members submitted to the chair.

36.26 Subd. 2. **Notice.** The cooperative shall give notice of a special meeting by mailing  
36.27 a notice to each member personally at the person's last known post office address or an  
36.28 alternative method approved by the board and the member individually or the members  
36.29 generally. For a member that is an entity, notice mailed or delivered by an alternative  
36.30 method shall be to an officer of the entity. The special meeting notice shall state the date,  
36.31 time, place, and purpose of the special meeting. The special meeting notice shall be issued  
36.32 within ten days from and after the date of the presentation of a members' petition, and  
36.33 the special meeting shall be held within 30 days after the date of the presentation of the  
36.34 members' petition.

37.1            Subd. 3. **Waiver and objections.** A member may waive notice of a meeting of  
37.2 members. A waiver of notice by a member entitled to notice is effective whether given  
37.3 before, at, or after the meeting, and whether given in writing, orally, or by attendance.  
37.4 Attendance by a member at a meeting is a waiver of notice of that meeting, except where  
37.5 the member objects at the beginning of the meeting to the transaction of business because  
37.6 the meeting is not lawfully called or convened, or objects before a vote on an item of  
37.7 business because the item may not lawfully be considered at that meeting and the member  
37.8 does not participate in the consideration of the item at that meeting.

37.9            Sec. 44. **[308C.521] CERTIFICATION OF MEETING NOTICE.**

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

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

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

37.19           Sec. 45. **[308C.525] QUORUM.**

37.20           Subdivision 1. **Quorum.** At any annual or special meeting of the members,  
37.21 a quorum necessary for the transaction of business shall be at least 51 percent of the  
37.22 memberships outstanding. Subsequent departure of members from the meeting at which a  
37.23 quorum has been initially established shall not destroy a quorum.

37.24           Subd. 2. **Quorum; voting by mail.** In determining a quorum at a meeting, on  
37.25 a question submitted to a vote by mail or an alternative method, members present in  
37.26 person or represented by mail vote or the alternative voting method shall be counted.  
37.27 The attendance of a sufficient number of members to constitute a quorum shall be  
37.28 established by a registration of the members of the cooperative present at the meeting. The  
37.29 registration shall be verified by the chair or the records officer of the cooperative and shall  
37.30 be reported in the minutes of the meeting.

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

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

38.1 (a) The members shall take action by the affirmative vote of a majority of the  
38.2 membership interests present and entitled to vote on that item of business.

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

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

38.7 Subdivision 1. **Method.** An action required or permitted to be taken at a meeting  
38.8 of the members may be taken by written action signed, or consented to by authenticated  
38.9 electronic communication, by the members who hold a majority of membership interests  
38.10 that would be required to take the same action at a meeting of the members at which all  
38.11 members were present.

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

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

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

38.21 Subdivision 1. **Generally.** One membership will be issued by the cooperative for  
38.22 each dwelling unit in the project, such that the number of memberships outstanding at all  
38.23 times will be equal to the number of dwelling units in the project. Each membership shall  
38.24 have one vote in the affairs of the cooperative.

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

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

38.31 Subd. 4. **Absentee ballots.** (a) The provisions of this subdivision apply to absentee  
38.32 ballots.

38.33 (b) A member who is absent or will be absent from a meeting may vote by mail or  
38.34 by an approved alternative method on the ballot prescribed in this subdivision on any

39.1 motion, resolution, or amendment that the board submits for vote by mail or alternative  
39.2 method to the members.

39.3 (c) The ballot shall be in the form prescribed by the board and contain:

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

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

39.8 (d) The member shall vote by marking an appropriate choice on the ballot and  
39.9 mail, deliver, or otherwise submit the ballot to the cooperative in a plain, sealed envelope  
39.10 inside another envelope bearing the member's name or by an alternative method approved  
39.11 by the board.

39.12 (e) A properly executed ballot shall be accepted by the board and counted as the  
39.13 vote of the absent member at the meeting.

39.14 Sec. 49. **[308C.771] SALE OF PROPERTY AND ASSETS.**

39.15 Subdivision 1. **Member approval.** A cooperative, by affirmative vote of a majority  
39.16 of the board present, may sell, lease, transfer, or otherwise dispose of all or substantially  
39.17 all of its property and assets, including its good will, not in the usual and regular course of  
39.18 its business, upon those terms and conditions and for those considerations, which may be  
39.19 money, securities, or other instruments for the payment of money or other property, as the  
39.20 board considers expedient, when approved at a regular or special meeting of the members  
39.21 by the affirmative vote of a majority of the memberships interests outstanding. The written  
39.22 notice must state that a purpose of the meeting is to consider the sale, lease, transfer, or  
39.23 other disposition of all or substantially all of the property and assets of the cooperative.

39.24 Subd. 2. **Liability of transferee.** The transferee is liable for the debts, obligations,  
39.25 and liabilities of the transferor only to the extent provided in the contract or agreement  
39.26 between the transferee and the transferor or to the extent provided by law.

39.27 Sec. 50. **[308C.901] METHODS OF DISSOLUTION.**

39.28 A cooperative may be dissolved by the members or by order of the court.

39.29 Sec. 51. **[308C.903] NOTICE OF INTENT TO DISSOLVE.**

39.30 Before a cooperative begins dissolution, a notice of intent to dissolve must be filed  
39.31 with the secretary of state. The notice must contain:

39.32 (1) the name of the cooperative;

39.33 (2) the date and place of the meeting at which the resolution was approved; and

40.1 (3) a statement that the requisite vote of the members approved the proposed  
40.2 dissolution.

40.3 Sec. 52. **[308C.905] SETTLEMENT.**

40.4 Subdivision 1. **Collection and payment of debts.** After the notice of intent to  
40.5 dissolve has been filed with the secretary of state, the board, or the officers acting under  
40.6 the direction of the board, shall proceed as soon as possible:

40.7 (1) to collect or make provision for the collection of all debts due or owing to the  
40.8 cooperative, including unpaid subscriptions for shares; and

40.9 (2) to pay or make provision for the payment of all debts, obligations, and liabilities  
40.10 of the cooperative according to their priorities.

40.11 Subd. 2. **Transfer of assets.** After the notice of intent to dissolve has been filed  
40.12 with the secretary of state, the board may sell, lease, transfer, or otherwise dispose of all  
40.13 or substantially all of the property and assets of the dissolving cooperative without a  
40.14 vote of the members.

40.15 Subd. 3. **Distribution to members.** Tangible and intangible property, including  
40.16 money, remaining after the discharge of the debts, obligations, and liabilities of the  
40.17 cooperative shall be distributed as provided in the articles or bylaws.

40.18 Sec. 53. **[308C.911] REVOCATION OF DISSOLUTION PROCEEDINGS.**

40.19 Subdivision 1. **Authority to revoke.** Dissolution proceedings may be revoked  
40.20 before the articles of dissolution are filed with the secretary of state.

40.21 Subd. 2. **Revocation by members.** The president may call a meeting to consider  
40.22 the advisability of revoking the dissolution proceedings. The question of the proposed  
40.23 revocation shall be submitted to the members at the meeting called to consider the  
40.24 revocation. The dissolution proceedings are revoked if the proposed revocation is  
40.25 approved at the meeting by a majority of the members of the cooperative or for a  
40.26 cooperative with articles or bylaws requiring a greater number of members, the number of  
40.27 members required by the articles or bylaws.

40.28 Subd. 3. **Filing with secretary of state.** Revocation of dissolution proceedings is  
40.29 effective when a notice of revocation is filed with the secretary of state. After the notice is  
40.30 filed, the cooperative may resume business.

40.31 Sec. 54. **[308C.915] STATUTE OF LIMITATIONS.**

40.32 The claim of a creditor or claimant against a dissolving cooperative is barred if the  
40.33 claim has not been enforced by initiating legal, administrative, or arbitration proceedings

41.1 concerning the claim by two years after the date the notice of intent to dissolve is filed  
41.2 with the secretary of state.

41.3 Sec. 55. **[308C.921] ARTICLES OF DISSOLUTION.**

41.4 Subdivision 1. **Conditions to file.** Articles of dissolution of a cooperative shall be  
41.5 filed with the secretary of state after payment of the claims of all known creditors and  
41.6 claimants has been made or provided for and the remaining property has been distributed  
41.7 by the board. The articles of dissolution shall state:

41.8 (1) that all debts, obligations, and liabilities of the cooperative have been paid or  
41.9 discharged or adequate provisions have been made for them or time periods allowing  
41.10 claims have run and other claims are not outstanding;

41.11 (2) that the remaining property, assets, and claims of the cooperative have been  
41.12 distributed among the members or under a liquidation authorized by the members; and

41.13 (3) that legal, administrative, or arbitration proceedings by or against the cooperative  
41.14 are not pending or adequate provision has been made for the satisfaction of a judgment,  
41.15 order, or decree that may be entered against the cooperative in a pending proceeding.

41.16 Subd. 2. **Dissolution effective upon filing.** The cooperative is dissolved when the  
41.17 articles of dissolution have been filed with the secretary of state.

41.18 Subd. 3. **Certificate.** The secretary of state shall issue to the dissolved cooperative  
41.19 or its legal representative a certificate of dissolution that contains:

41.20 (1) the name of the dissolved cooperative;

41.21 (2) the date the articles of dissolution were filed with the secretary of state; and

41.22 (3) a statement that the cooperative has been dissolved.

41.23 Sec. 56. **[308C.925] APPLICATION FOR COURT-SUPERVISED VOLUNTARY**  
41.24 **DISSOLUTION.**

41.25 After a notice of intent to dissolve has been filed with the secretary of state and before  
41.26 a certificate of dissolution has been issued, the cooperative or, for good cause shown, a  
41.27 member or creditor may apply to a court within the county where the registered address is  
41.28 located to have the dissolution conducted or continued under the supervision of the court.

41.29 Sec. 57. **[308C.931] COURT-ORDERED REMEDIES OR DISSOLUTION.**

41.30 Subdivision 1. **Conditions for relief.** A court may grant equitable relief that the  
41.31 court finds just and reasonable in the circumstances or may dissolve a cooperative and  
41.32 liquidate its assets and business:

41.33 (1) in a supervised voluntary dissolution that is applied for by the cooperative;

42.1 (2) in an action by a member when it is established that:

42.2 (i) the directors or the persons having the authority otherwise vested in the board are  
42.3 deadlocked in the management of the cooperative's affairs and the members are unable to  
42.4 break the deadlock;

42.5 (ii) the directors or those in control of the cooperative have acted fraudulently,  
42.6 illegally, or in a manner unfairly prejudicial toward one or more members in their  
42.7 capacities as members, directors, or officers;

42.8 (iii) the members of the cooperative are so divided in voting power that, for a period  
42.9 that includes the time when two consecutive regular meetings were held, they have failed  
42.10 to elect successors to directors whose terms have expired or would have expired upon the  
42.11 election and qualification of their successors;

42.12 (iv) the cooperative assets are being misapplied or wasted; or

42.13 (v) the period of duration as provided in the articles has expired and has not been  
42.14 extended as provided in this chapter; and

42.15 (3) in an action by a creditor when:

42.16 (i) the claim of the creditor against the cooperative has been reduced to judgment  
42.17 and an execution on the judgment has been returned unsatisfied;

42.18 (ii) the cooperative has admitted in writing that the claim of the creditor against the  
42.19 cooperative is due and owing and it is established that the cooperative is unable to pay its  
42.20 debts in the ordinary course of business; or

42.21 (iii) in an action by the attorney general to dissolve the cooperative in accordance  
42.22 with this chapter when it is established that a decree of dissolution is appropriate.

42.23 Subd. 2. **Condition of cooperative.** In determining whether to order equitable  
42.24 relief or dissolution, the court shall take into consideration the financial condition of the  
42.25 cooperative but may not refuse to order equitable relief or dissolution solely on the grounds  
42.26 that the cooperative has accumulated operating net income or current operating net income.

42.27 Subd. 3. **Dissolution as remedy.** In deciding whether to order dissolution of the  
42.28 cooperative, the court shall consider whether lesser relief suggested by one or more  
42.29 parties, such as a form of equitable relief or a partial liquidation, would be adequate to  
42.30 permanently relieve the circumstances established under subdivision 1, clause (2), item  
42.31 (ii) or (iii). Lesser relief may be ordered if it would be appropriate under the facts and  
42.32 circumstances of the case.

42.33 Subd. 4. **Expenses.** If the court finds that a party to a proceeding brought under this  
42.34 section has acted arbitrarily, vexatiously, or otherwise not in good faith, the court may in  
42.35 its discretion award reasonable expenses, including attorney fees and disbursements, to  
42.36 any of the other parties.

43.1 Subd. 5. **Venue.** Proceedings under this section shall be brought in a court within  
43.2 the county where the registered address of the cooperative is located.

43.3 Subd. 6. **Parties.** It is not necessary to make members parties to the action or  
43.4 proceeding unless relief is sought against them personally.

43.5 Sec. 58. **[308C.971] BARRING OF CLAIMS.**

43.6 Subdivision 1. **Claims barred.** A person who is or becomes a creditor or claimant  
43.7 before, during, or following the conclusion of dissolution proceedings, who does not file a  
43.8 claim or pursue a remedy in a legal, administrative, or arbitration proceeding during the  
43.9 pendency of the dissolution proceeding or has not initiated a legal, administrative, or  
43.10 arbitration proceeding before the commencement of the dissolution proceedings and all  
43.11 those claiming through or under the creditor or claimant, are forever barred from suing on  
43.12 that claim or otherwise realizing upon or enforcing it, except as provided in this section.

43.13 Subd. 2. **Certain unfiled claims allowed.** Within one year after articles of  
43.14 dissolution have been filed with the secretary of state under this chapter or a dissolution  
43.15 order has been entered, a creditor or claimant who shows good cause for not having  
43.16 previously filed the claim may apply to a court in this state to allow a claim:

43.17 (1) against the cooperative to the extent of undistributed assets; or

43.18 (2) if the undistributed assets are not sufficient to satisfy the claim, the claim may  
43.19 be allowed against a member to the extent of the distributions to members in dissolution  
43.20 received by the member.

43.21 Subd. 3. **Omitted claims allowed.** Debts, obligations, and liabilities incurred  
43.22 during dissolution proceedings shall be paid or provided for by the cooperative before  
43.23 the distribution of assets to a member. A person to whom this kind of debt, obligation, or  
43.24 liability is owed but is not paid may pursue any remedy against the offenders, directors, or  
43.25 members of the cooperative before the expiration of the applicable statute of limitations.

43.26 This subdivision does not apply to dissolution under the supervision or order of a court.

43.27 Sec. 59. **[308C.975] RIGHT TO SUE OR DEFEND AFTER DISSOLUTION.**

43.28 After a cooperative has been dissolved, any of the cooperative's former officers,  
43.29 directors, or members may assert or defend, in the name of the cooperative, a claim by or  
43.30 against the cooperative.