

Oregon's General Cooperative Statutes

Research on Oregon's General Cooperative Statutes has been provided by Caleb A. Williams, James C. Griggs of Saalfeld Griggs PC, 250 Church Street SE, Salem, Oregon 97301, P.O.B. 470, Salem Oregon 97308, (503) 399-1070, cwilliams@sglaw.com , jgriggs@sglaw.com, and Dustin Klinger, 3675 U.S. Bancorp Tower, 111 S.W. Fifth Avenue, Portland, OR 97204, (503) 416-6160, Dustin.klinger@thede-culpepper.com .

This research is intended to provide detailed information on specific provisions of the Oregon cooperative law. The table of contents provides a list of provision topics addressed. The descriptions of the statute provisions include legal citations to the specific part of the statute where the topic is addressed so users can easily look at the statute language. A URL for the statute is also provided when it is available.

The research is presented only to provide summary information to persons interested in the state statutory treatment of Oregon cooperatives. Individuals considering organizing a cooperative are advised to seek professional advice from an expert on cooperative law on their particular situation. This research was conducted by a private individual and does not represent official policy of the U.S. Department of Agriculture or any other government agency.

Table of Contents

Oregon’s General Cooperative Statutes	1
1. Cooperative Statute: Policy, Purposes, Powers	6
1.1. State and Statute Title.	6
1.2. Statute Nickname, Legal Citation, and URL.	6
1.3. Application of General Law.	6
1.4. Conflict of Laws.	6
1.5. Construction of Law.	6
1.6. Declaration of Statutory Policy.	7
1.7. Statutory Qualification as a Cooperative.	7
1.8. Cooperative Operational Description.	7
1.9. "Nonprofit" Nature of Cooperative.	7
1.10. Cooperative Purpose.	7
1.11. Perpetual Duration and Succession.	8
1.12. General Powers.	8
1.13. Specific Powers.	8
1.14. Inter-Association Agreements.	8
1.15. Prohibited Powers.	9
1.16. Prohibited Lines of Business.	9
1.17. Emergency Powers.	9
1.18. Ultra Vires.	9
1.19. Quo Warranto Proceeding.	9
1.20. Miscellaneous.	9
2. Association Formation	10
2.1. Specific Cooperative Forms.	10
2.2. Number of Organizers.	10
2.3. Organizer Requirements.	10
2.4. Promoter Expenses.	10
2.5. Filing Articles.	10
2.6. Cooperative Fee.	11

2.7. Legal Existence.....	11
2.8. Cooperative Name Requirement.....	11
2.9. Distinguishable Name.....	11
2.10. Cooperative Name Use Restrictions.....	11
2.11. Nonstock Cooperatives.....	11
2.12. Stock Cooperatives.....	11
2.13. Starting Cooperative.....	12
2.14. Annual Renewal.....	12
2.15. Annual Report.....	12
2.16. Annual Report Contents.....	12
2.17. Failure to File.....	12
2.18. State Assistance.....	12
2.19. Foreign Cooperatives.....	13
2.20. Out-of-State Business.....	13
2.21. Miscellaneous Association Formation.....	13
3. Cooperative Articles of Association.....	13
3.1. Signatures and Acknowledgment.....	13
3.2. Cooperative Name.....	13
3.3. Cooperative Purpose.....	13
3.4. Place of Business.....	14
3.5. Term of Existence.....	14
3.6. Incorporators, Subscribers.....	14
3.7. Number of Directors.....	14
3.8. Director Term.....	14
3.9. Registered Agent.....	14
3.10. Limitations of Power.....	14
3.11. Limitations of Liability.....	15
3.12. Membership Definition.....	15
3.13. Member Classes.....	15
3.14. Member Property Rights.....	15
3.15. Member Voting Rights.....	15

3.16. Membership Certificates.	16
3.17. Capital Stock.....	16
3.18. Amount of Capital Stock.	16
3.19. Par Value.	16
3.20. Authorized Classes of Stock.	16
3.21. Par Value of Authorized Classes of Stock.	17
3.22. Acquire/Recall Stock.	17
3.23. Voting Rules.	17
3.24. Distributions/Appportionments.	17
3.25. Capital Accounts.	17
3.26. Asset Distribution on Liquidation.	17
3.27. Miscellaneous Provisions.	18
3.28. Amendment Initiation.....	18
3.29. Notice of Amendment.	18
3.30. When Amendments Occur.....	18
3.31. Quorum Requirements.	18
3.32. Margin Required for Approval.	18
3.33. Voting Members.	18
3.34. Board Authority.	19
3.35. Filing of Amendment.	19
3.36. Restrictions on Amendment.	19
3.37. Miscellaneous Rules.....	19
4. Cooperative Definitions	19
4.1. Cooperatives Defined in Statute.....	19
4.2. Agricultural Cooperative Definition.	20
4.4. Other Cooperative Definitions.....	20
4.5. Agricultural Products	20
4.6. Other Definitions.....	20

1. Cooperative Statute: Policy, Purposes, Powers

1.1. State and Statute Title. Please name the state and the title of the cooperative organization law. Provide a nickname for the cooperative law using the state abbreviation hyphenated with a brief statute descriptor.

- Oregon's General Cooperative Statutes; OR-Gen.

1.2. Statute Nickname, Legal Citation, and URL. Please provide a full legal citation to the statute and, if available, a uniform resource locator (URL) address where the statute may be accessed for free.

- OR-Gen, Oregon Revised Statutes Title 7 Corporations and Partnerships Chapter 62 Cooperatives §§ 62.005 to 62.992; <http://www.oregonlaws.org/ors/chapter/62> .

1.3. Application of General Law. Briefly describe whether general corporate law or general limited liability company law applies to cooperatives organized under the statute.

- OR-Gen: Unless specifically provided for in ORS Chapter 62, Oregon corporate law and limited liability company law do not apply to cooperatives organized under ORS Chapter 62.

1.4. Conflict of Laws. Briefly describe any provisions addressing any conflict between the cooperative statute and general corporate or general limited liability company law.

- OR-Gen: NA.

1.5. Construction of Law. Briefly describe any reference to how the statute should be construed.

- OR-Gen: NA.

1.6. Declaration of Statutory Policy. Briefly state any broad declaration of statutory policy (i.e., description of conditions in agriculture or in the economy prompting the enactment of the cooperative statute).

- OR-Gen: NA.

1.7. Statutory Qualification as a Cooperative. Briefly describe any statement indicating that a cooperative is an entity that qualifies under this particular statute.

- OR-Gen § 62.015 (4): Cooperative means a cooperative corporation that is subject to the provisions of ORS Chapter 62.

1.8. Cooperative Operational Description. Briefly describe any provision that gives a general, operational description of a cooperative.

- OR-Gen § 62.115 Cooperatives may be organized under this chapter for any lawful purpose or purposes, except for the purpose of banking or insurance.

1.9. "Nonprofit" Nature of Cooperative. Briefly describe any reference to the "nonprofit" nature of the cooperative inasmuch as it is organized to pass margins to users rather than to make profit for itself.

- OR-Gen § 62.415(1) The net proceeds or savings of a cooperative shall be apportioned, distributed and paid periodically to those persons entitled to receive them, at such times and in such reasonable manner as the bylaws shall provide; except that net proceeds or savings on patronage of the cooperative by its members shall be apportioned and distributed among those members in accordance with the ratio which each member's patronage during the period involved bears to total patronage by all members during that period.

1.10. Cooperative Purpose. List any specific purpose(s) of the cooperative.

- OR-Gen § 62.115: Any lawful purpose or purposes, except banking or insurance.

1.11. Perpetual Duration and Succession. Does a cooperative have perpetual duration and succession?

- OR-Gen § 62.125 (1): Perpetual duration unless a limited period of duration is stated in articles.

1.12. General Powers. State briefly any general power mentioned (e.g., the power to do all things necessary or convenient to carry out the cooperative's business).

- OR-Gen § 62.125(14): Cooperatives have the power to do all things necessary or convenient to effect any or all purposes for which the cooperative is organized.

1.13. Specific Powers. Please list any specific powers mentioned (e.g. buy/sell/produce/process products, handle byproducts, make purchases for members, manufacture, enter contracts, act as agent, own property, sue and be sued, develop and own patents, trademarks, and copyrights, borrow and lend money, invest, etc.).

- OR-Gen §§ 62.125(1) to (14): Generally, each cooperative shall have power to have perpetual succession (unless other duration stated in articles); to sue and be sued; to have a corporate seal; to own, lease, improve, mortgage, sell, property and assets; to acquire, dispose of, vote, mortgage interests in other foreign or domestic cooperatives, corporations, partnerships or individuals, or direct or indirect obligations of any governmental entity; to make contracts and incur liabilities, borrow money, issue obligations, issue certificates representing equity interests in its assets, and secure any of its obligations by mortgage or pledge of all or any of its property, franchises and income; to lend money for its corporate purposes, invest and reinvest its funds and take and hold real and personal property as security for the payment of funds so loaned or invested; to conduct its business and affairs and have offices and exercise its powers in any state, territory, district or possession of the United States, or in any foreign country; to elect or appoint officers and agents, and define their duties and fix their compensation; to make and alter bylaws; to make charitable donations; to cease its activities and surrender its franchise; to have and exercise all powers necessary or convenient to effect any or all of the purposes for which the cooperative is organized.

1.14. Inter-Association Agreements. Briefly describe any provision that permits activities between or among two or more cooperatives.

- OR-Gen: NA.

1.15. Prohibited Powers. State briefly (list) powers denied to the cooperative.

- OR-Gen: NA.

1.16. Prohibited Lines of Business. State briefly (list) prohibited lines of business.

- OR-Gen: 62.115: Banking and insurance.

1.17. Emergency Powers. State briefly any emergency powers.

- OR-Gen: NA.

1.18. Ultra Vires. Briefly describe any provision addressing when a cooperative exceeds its legal purpose.

- OR-Gen § 62.165(3): In an action against the cooperative the Attorney General may dissolve the cooperative and enjoin it from the transaction of unauthorized business.

1.19. Quo Warranto Proceeding. Describe briefly any provision addressing any inquiry into the legitimacy of an association's operation as a cooperative.

- OR-Gen § 62.165(3): In an action against the cooperative the Attorney General may dissolve the cooperative and enjoin it from the transaction of unauthorized business.

1.20. Miscellaneous. Describe any other provision(s) that address cooperative powers or their limits.

- OR-Gen: NA.

2. Association Formation

2.1. Specific Cooperative Forms. Name any specific cooperative forms mentioned by the statute (e.g., worker cooperative, agricultural cooperative, value-added producer cooperative, etc.).

- OR-Gen § 62.755-760: Foreign cooperatives.
- OR-Gen § 62.265-792: Employee cooperatives.
- OR-Gen § 62.800-815: Manufactured dwelling park cooperatives.

2.2. Number of Organizers. Is a minimum number of organizers required?

- OR-Gen § 62.511: One or more individuals 18 years of age or older may act as incorporators of a cooperative.

2.3. Organizer Requirements. Are there any other requirements for organizers (e.g. an organizer must be a "person," a "natural person," an "association," must be a state resident, must be a certain age, must produce agricultural products, etc.)?

- OR-Gen § 62.511: Incorporators may be one or more individuals 18 years of age or older, a domestic or foreign corporation or cooperative, a partnership or an association.

2.4. Promoter Expenses. Briefly describe any provisions that address the activities and/or expenses of individuals ("promoters") engaged in assisting in the organization of the cooperative.

- OR-Gen: NA.

2.5. Filing Articles. Briefly state where and how to file the articles of incorporation or organization.

- OR-Gen § 62.025(9): Deliver the article of incorporation to Office of Secretary of State with the required fees.

2.6. Cooperative Fee. State the fee amount for starting a cooperative.*

- OR-Gen § 62.030: The fee for forming a cooperative is as described in ORS 56.140.

2.7. Legal Existence. When does the cooperative's legal existence begin?

- OR-Gen § 62.035: A cooperative's legal existence begins at 12:01 AM on the date the articles of incorporation are filed by the secretary of state, unless the articles specify a later effective date.

2.8. Cooperative Name Requirement. Is "cooperative" or another term of art required as part of the association's name?

- OR-Gen: NA.

2.9. Distinguishable Name. Is the cooperative's name required to be unique?

- OR-Gen § 62.131(2): The cooperative's name must be distinguishable from any other active business name on record with the Secretary of State.

2.10. Cooperative Name Use Restrictions. Are there restrictions on types of business entities that can be called a cooperative?

- OR-Gen § 62.015(4): By definition, a cooperative is a cooperative corporation.

2.11. Nonstock Cooperatives. Are nonstock cooperatives permitted?

- OR-Gen §§ 62.145 and 62.513(c): Yes, membership may be conditioned upon payment of a membership fee or ownership of membership stock.

2.12. Stock Cooperatives. Are stock cooperatives permitted?

- OR-Gen §§ 62.145 and 62.175: Yes, membership may be conditional upon payment of a membership fee or ownership of membership stock.

2.13. Starting Cooperative. State briefly any special prerequisites to forming a cooperative (e.g. requirement of certain percentage of capital paid prior to organization/incorporation or requirement that a permit be obtained).

- OR-Gen § 62.455 (1)(a) to (f): A cooperative shall by the cooperative's anniversary file an annual report with the state secretary's office that provides: (a) cooperative's name; (b) cooperative's street address of its registered office and the name of its registered agent; (c) address, of the cooperative's principal office; (d) names and addresses of the president and secretary; (e) description of cooperative's primary business activity; (f) additional identifying information required by secretary.

2.14. Annual Renewal. Is an annual renewal of the organization/incorporation required?

- OR-Gen § 62.455: NA.

2.15. Annual Report. Is an annual report required?

- OR-Gen § 62.455: An annual report is required to be filed with the secretary of state.

2.16. Annual Report Contents. Briefly describe any provisions stating the required content in the annual report.

- OR-Gen § 62.455. The annual report must include the cooperative's name, registered officer and agent mailing addresses, principal address, president and secretary's names and addresses, and a description of the primary business activity.

2.17. Failure to File. Briefly describe any provision that addresses consequences for failure to file an annual report.

- OR-Gen § 62.690: Administrative dissolution.

2.18. State Assistance. Briefly describe any provision that allows for state assistance to individuals contemplating forming a cooperative.

- OR-Gen: NA.

2.19. Foreign Cooperatives. Briefly describe any provisions on permission for an out-of-state cooperative to do business in the state.

- OR-Gen § 62.755: Whether a foreign cooperative is authorized to do business in Oregon is governed by ORS Chapter 60.

2.20. Out-of-State Business. Briefly describe any provision allowing a domestic cooperative to do business in another state.

- OR-Gen: NA.

2.21. Miscellaneous Association Formation. Briefly describe any other provision addressing the start of a cooperative that was not addressed by the previous questions.

- OR-Gen § 62.515: An organizational meeting of the board of directors must be held after issuance of the certificate of incorporation.

3. Cooperative Articles of Association

3.1. Signatures and Acknowledgment. Briefly describe any provision that requires that the articles be signed, subscribed, acknowledged, or notarized.

- OR-Gen § 62.511: The articles must be signed by incorporator(s).

3.2. Cooperative Name. Do the organizing documents/articles of incorporation require the cooperative's name?

- OR-Gen § 62.513(1)(a): The articles require the cooperative's name.

3.3. Cooperative Purpose. Are the organizing documents/articles required to state a purpose for the cooperative?

- OR-Gen § 62.513(1)(b): The articles require a statement of purpose.

3.4. Place of Business. Is the place of business required?

- OR-Gen: NA.

3.5. Term of Existence. Briefly describe any provision requiring that the term of existence of the organization be required in the articles.

- OR-Gen § 62.513(2): Perpetual Term unless otherwise stated in articles.

3.6. Incorporators, Subscribers. Briefly describe any provision that requires that the names and addresses of incorporators and/or subscribers be identified in the articles.

- OR-Gen § 62.513(1)(k): Names and addresses of incorporators are required.

3.7. Number of Directors. Briefly describe any provision requiring a statement in the articles of the number and of directors.

- OR-Gen § 62.513(1)(j) The articles must set forth the number of director making up the initial board.

3.8. Director Term. Briefly describe any provision requiring that the term of the directors be specified in the articles.

- OR-Gen: NA.

3.9. Registered Agent. Is the name of a registered agent required?

- OR-Gen § 62.513(1)(h): The registered agent and registered office must be identified on the articles.

3.10. Limitations of Power. Briefly describe any required/permitted provisions in the organizing document limiting the powers of the cooperative, its board, and/or its members.

- OR-Gen § 62.513(4)(d)(B): Provisions limiting the power of the cooperative, its board, and its members may be included in the articles.

3.11. Limitations of Liability. Briefly describe any required/permitted organizing document provision(s) regarding limitation of liability with respect to the organizers/incorporators, officers, members, and/or shareholders.

- OR-Gen §62.513(4)(e): The articles may include provisions limiting personal liability of directors, members and shareholders, but provided that the provision shall not eliminate or limit the liability of a director for any act or omission occurring prior to the date when the provision becomes effective and the provision shall not eliminate or limit the liability of a director for: (A) any breach of the director's duty of loyalty to the cooperative, its members or its shareholders; (B) acts or omissions that are not in good faith or that involve intentional misconduct or a knowing violation of law; or (C) Any transaction from which the director derived an improper personal benefit.

3.12. Membership Definition. Briefly describe any statutory reference to defining membership in the organizing document.

- OR-Gen: NA.

3.13. Member Classes. Is a description of member classes required/permitted?

- OR-Gen § 62.513(1)(e) The articles must set forth classes of stock, if any, are membership stock, and the limitations upon transfer, if any, applicable to such stock.

3.14. Member Property Rights. Is a description required/permitted regarding member property rights?

- OR-Gen § 62.513(1)(g): The basis for distribution of assets in the event of dissolution or liquidation.

3.15. Member Voting Rights. Is a description required/permitted regarding member voting rights?

- OR-Gen § 62.513(1)(d): The articles require a description of the rights of each class of stock.

3.16. Membership Certificates. Is a statement required/permitted on whether the cooperative is organized with membership certificates?

- OR-Gen § 62.513(1)(c): The articles require a statement regarding whether cooperative is organized with or without membership stock.

3.17. Capital Stock. Is a statement required/permitted that the cooperative is organized with capital stock?

- OR-Gen § 62.513(1)(e): The articles must set forth classes of stock, if any, are membership stock, and the limitations upon transfer, if any, applicable to such stock.

3.18. Amount of Capital Stock. Is a description of the amount of capital stock required/permitted?

- OR-Gen § 62.513(1)(d): The articles must set forth the number and par value, if any, of shares of each authorized class of stock, and if more than one class is authorized, the designation, preferences, limitations and relative rights of each class.

3.19. Par Value. Is a statement of par value required/permitted?

- OR-Gen § 62.513(1)(d): The articles must set forth the number and par value, if any, of shares of each authorized class of stock, and if more than one class is authorized, the designation, preferences, limitations and relative rights of each class.

3.20. Authorized Classes of Stock. Is a description of other authorized classes of stock required/permitted?

- OR-Gen § 62.513 (1)(d): The articles must set forth the number and par value, if any, of shares of each authorized class of stock, and if more than one class is authorized, the designation, preferences, limitations and relative rights of each class.

3.21. Par Value of Authorized Classes of Stock. Is a statement of par value required/permitted for other authorized classes of stock?

- OR-Gen § 62.513 (1)(d): The articles must set forth the number and par value, if any, of shares of each authorized class of stock, and if more than one class is authorized, the designation, preferences, limitations and relative rights of each class.

3.22. Acquire/Recall Stock. Is a statement of a reservation of right for the cooperative to acquire/recall stock required/permitted?

- OR-Gen § 62.513 (1)(f): The articles must set forth any limitation of the right to acquire or recall any stock.

3.23. Voting Rules. State briefly if a description of voting rules is required/permitted.

- OR-Gen §62.513 (3): A description of the voting rules is permitted.

3.24. Distributions/Appportionments. Is a description of distribution/apportionment of dividends, earnings, and losses required/permitted?

- OR-Gen §62.513 (3): A description of distribution/apportionment of dividends, earnings, and losses is permitted.

3.25. Capital Accounts. Is a description of a cooperative's capital account(s) required/permitted?

- OR-Gen: NA.

3.26. Asset Distribution on Liquidation. Is a statement on distribution of assets on liquidation required/permitted?

- OR-Gen § 62.513(1)(g): The articles must set forth the basis of distribution of assets in the event of dissolution or liquidation.

3.27. Miscellaneous Provisions. Briefly describe any additional important provisions.

- OR-Gen § 62.513(1)(e): Articles must describe limitation on transfer of stock, if any.

3.28. Amendment Initiation. Briefly describe the initiation of an amendment to the organizing document.

- OR-Gen §62.555(2)(a): Board shall adopt resolution setting forth proposed amendment directing that it be put to a vote of the members.

3.29. Notice of Amendment. Briefly describe notice requirements regarding an amendment to the organizing document.

- OR-Gen § 62.555(2)(b): Notice in accordance with notice requirements for meetings of the members.

3.30. When Amendments Occur. Briefly describe any requirement regarding when the amendments must be made (e.g. during the annual membership meeting).

- OR-Gen § 62.555(2)(a): Amendments must be made at a meeting of the members.

3.31. Quorum Requirements. Briefly describe any quorum requirements for an amendment.

- OR-Gen § 62.275(1): Those members present at a meeting of the members unless the bylaws provide for a greater quorum requirement.

3.32. Margin Required for Approval. State briefly whether a majority or supermajority is required for approval of an amendment and state amount (e.g., 51 percent, 2/3 majority, etc.).

- OR-Gen §62.555(2)(c): A majority of members.

3.33. Voting Members. List types of members who can vote on the amendment.

- OR-Gen § 62.560: Nonvoting shareholders may vote if amendment affects such shareholders interest.

3.34. Board Authority. Describe briefly any authority of the board of directors to make amendments.

- OR-Gen §62.555(2)(a): The board shall adopt a resolution setting forth the proposed amendment and directing that it be submitted for a vote.

3.35. Filing of Amendment. Describe briefly how an amendment is executed and filed.

- OR-Gen § 62.565: Articles of amendment must set forth the name of the cooperative, the text of each amendment, the date of the adoption by the members, the number of members voting for and against the amendment and the number of affected shareholders, the number of shareholders entitled to vote thereon, the number of shareholders votes cast for and against the amendment.

3.36. Restrictions on Amendment. Describe briefly any restrictions on changes to the articles of organization/incorporation other than supermajority requirements.

- OR-Gen § 62.555(1): Amendments may contain only provisions that might be lawfully contained in original articles of incorporation.

3.37. Miscellaneous Rules. Describe briefly any miscellaneous rules regarding amendments to the articles of organization.

- OR-Gen § 62.570: This statute provides guidance on the required elements of restated articles of incorporation.

4. Cooperative Definitions

4.1. Cooperatives Defined in Statute. Please list specific types of cooperatives defined in the statute (e.g., worker cooperative, consumer cooperative, producer cooperative).

- OR-Gen § 62.720(5) Agricultural Cooperative (defined in the context of dissolution)
- OR-Gen § 62.265-792: Employee cooperatives.
- OR-Gen § 62.800-815: Manufactured dwelling park cooperatives.

4.2. Agricultural Cooperative Definition. Please provide a brief summary of any definition of an agricultural cooperative.

- OR-Gen § 62.720(5): (Defined in the context of dissolution) an agricultural cooperative is any cooperative in which farmers act together in producing, processing, preparing for market, handling or marketing the agricultural products of such farmers, and any cooperative in which farmers act together in purchasing, testing, grading, processing, distributing and furnishing farm supplies or farm business services.

4.3. Worker Cooperative Definition. Please describe briefly any worker cooperative definition.

- OR-Gen § 62.765: Employee cooperative Employee cooperative means a corporation which has elected to be governed by the provisions of ORS 62.765 to 62.792.

4.4. Other Cooperative Definitions. Please describe briefly any other definitions of types of cooperatives.

- OR-Gen § 62.803(4) Manufactured Dwelling Park Cooperatives: Manufactured dwelling park nonprofit cooperative means a cooperative corporation that: (a) Is organized to acquire or develop, and to own, an interest in one or more manufactured dwelling parks that are primarily used for the siting of manufactured dwellings owned and occupied by members of the cooperative; (b) Limits the use of all income and earnings to use by the cooperative and not for the benefit or profit of any individual; and (c) Elects to be governed by ORS 62.800 62.815 (Prohibited actions).

4.5. Agricultural Products Definitions. Please list any agricultural products defined.

- OR-Gen: NA.

4.6. Other Definitions. Please describe briefly any unique or unusual definitions unlikely to be addressed in other parts of the surveys.

- OR-Gen: NA.