

Virginia Agricultural Cooperative Associations Statute

Research on the Virginia Cooperative Associations statute has been provided by Meegan Moriarty, contractor for Adino, Inc., USDA Rural Business-Cooperative Service, Mail Stop 3254, 1400 Independence Ave. SW, Washington, DC 20250, 202-260-9114, Meegan.Moriarty@wdc.usda.gov.

This research is intended to provide detailed information on specific provisions of the Virginia Cooperative Associations 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 Virginia 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.

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1. State Cooperative Statute Purpose and Powers

1.1. State, Statute Name, and Statute Abbreviation.

- Virginia; Agricultural Cooperative Associations; VA-Ag.

1.2. Statute Legal Citation and URL.

- Va. Code Ann. § 13.1-301-13.1-311.1 (West 2016);
<http://law.lis.virginia.gov/vacode/13.1-312/> .

1.3. Application of General Corporate or Limited Liability Company Law

- VA-Ag § 13.1-343: General corporation stock (§ 13.1-601 et seq.) and nonstock (§ 13.1-801 et seq.) law apply unless there is a conflict.

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

- VA-Ag § 13.1-343: General corporation stock (§ 13.1-601 et seq.) or nonstock (§ 13.1-801 et seq.) law apply unless there is a conflict § 13.1-343.

1.5. Construction of Law. References to how the statute should be construed.

- VA-Ag: NA.

1.6. Declaration of Statutory Policy. Broad declarations of statutory policy (i.e., a description of conditions in agriculture or in the economy prompting the enactment of the cooperative statute).

- VA-Ag 13.1-312: Not set out.

1.7. Statutory Qualification as a Cooperative. Statements indicating that a cooperative is an entity that qualifies under this particular statute.

- VA-Ag 13.1-313(c): The association defined under this act qualifies as agricultural cooperative corporation.

1.8. Cooperative Operational Description. Provision that gives a general, operational description of a cooperative.

- VA-Ag 13.1-313(c): Cooperative exists for mutual benefit of members and patrons as farmers; operations are confined to purposes authorized by that act; the act restricts returns on stock/membership capital and the amount of business done with nonmembers.

1.9. "Nonprofit" Nature of Cooperative. 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.

- VA-Ag 13.1-313(c): The cooperative associations are deemed nonprofit corporations; their primary object is service, not payment of dividends on invested capital.

1.10. Cooperative Purpose. Specific purpose(s) of the cooperative.

- VA-Ag § 13.1-315: The cooperative may produce, assemble, market, buy, sell, harvest, preserve, process, blend, gin, grade, store, transport, ship or utilize agricultural products, or manufacture or market their byproducts; the cooperative may engage in manufacturing, processing, storing, transporting, delivering, handling, buying for or furnishing supplies to its members and other patrons; the cooperative can engage in performing or furnishing business or educational or other services, including the services of buildings, machinery and equipment, on a cooperative basis; and the cooperative can engage in financing any of the above-enumerated activities for its members.

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

- VA-Ag § 13.1-320(B)(12): The cooperative may exist perpetually or as limited in articles.

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

- VA-Ag §§ 13.1-320(A): The cooperative may perform acts necessary/proper to accomplish purpose in articles not repugnant to law.

1.13. Specific Powers. Specific powers mentioned in the statute (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.).

- VA-Ag § 13.1-320(B): The cooperative may own a corporate seal; conduct business inside and outside Virginia; act as agent; contract; make loans; issue evidence of debt or securities; accumulate reserves and surplus to capital; own associations; produce, warehouse, market products; own and mortgage property; borrow money; purchase, market, and provide services for nonmembers in an amount not greater in annual value than such products as dealt in on behalf of members; exist in perpetuity; sue and be sued; dissolve and wind up.

1.14. Inter-Association Agreements. Provision(s) that permits activities between or among two or more cooperatives.

- VA-Ag § 13.1-320(B): The cooperative may assist, own, or hold membership in other agricultural associations.

1.15. Prohibited Powers. Powers denied to the cooperative.

- VA-Ag §§ 13.1-313(c), 13.1-320(B): The cooperative is limited to purposes authorized by act.

1.16. Prohibited Lines of Business. Prohibited lines of business.

- VA-Ag § 13.1-315: The cooperative is limited to agricultural businesses.

1.17. Emergency Powers. State briefly any emergency powers.

- VA-Ag: NA.

1.18. Exceeding Legal Purpose (Ultra Vires). Provision(s) addressing when a cooperative exceeds its legal purpose.

- VA-Ag: NA.

1.19. Inquiries Into Cooperative's Legitimacy (Quo Warranto Proceeding). Describe briefly any provision addressing any inquiry into the legitimacy of an association's operation as a cooperative.

- VA-Ag: NA.

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

- VA-Ag: NA.

2. Cooperative 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.).

- VA-Ag: NA.

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

- VA-Ag § 13.1-314: Yes, 5.

2.3. Requirements for Organizers. 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.)?

- VA-Ag § 13.1-314: 5 agricultural producers or 2 agricultural producer associations may organize a cooperative.

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

- VA-Ag: NA.

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

- VA-Ag § 13.1-317: Filing fee and triplicate, signed and acknowledged original articles delivered to the State Corporation Commission, Office of the Clerk, P.O. Box 1197, Richmond, VA 23218-1197, or file electronically at <http://www.scc.virginia.gov>.

2.6. State Fees. State the fee amount for starting a cooperative.

- VA-Ag § 13.1-317: Nonstock cooperative: \$10 filing fee, may be required to pay charter fee; stock cooperative \$25 filing fee plus \$75 to \$2,525 charter fee, depending on stock amount issued.

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

- VA-Ag § 13.1-317: Legal existence starts when Commission issues incorporation certificate.

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

- VA-Ag: NA.

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

- VA-Ag § 13.1-316(a): Name distinguishable from every other association doing business in Virginia and from any name reserved or registered by law.

2.10. Permitted Businesses. Are there restrictions on types of business entities that can be called a cooperative?

- VA-Ag § 13.1-315: Agricultural cooperatives qualify under the statute.

2.11. Nonstock Cooperatives. Are nonstock cooperatives permitted?

- VA-Ag § 13.1-316(d): Yes.

2.12. Stock Cooperatives. Are stock cooperatives permitted?

- VA-Ag § 13.1-316(d): Yes.

2.13. Prerequisites to Formation. 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).

- VA-Ag: NA.

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

- VA-Ag: NA.

2.15. Annual Report. Is an annual report required?

- VA-Ag § 13.1-333.1: Cooperative required to transmit annual report to members within six months after the close of its fiscal year.

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

- VA-Ag § 13.1-333.1: Must have cooperative name, place of business, statement of FY business operations; must show paid-up capital stock, stockholder number or the number of members, membership fees received.

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

- VA-Ag: NA.

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

- VA-Ag: NA.

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

- VA-Ag § 13.1-313(c): Foreign agricultural cooperative authorized to do business in Virginia may qualify under the act.

2.20. Domestic Cooperatives. Briefly describe any provision allowing a domestic cooperative to do business in another state.

- VA-Ag: NA.

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

- VA-Ag: NA.

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.

- VA-Ag § 13.1-316: Articles signed in triplicate and acknowledged before a notary by incorporators (if natural persons) and by president and secretary (if an association).

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

- VA-Ag § 13.1-316: Yes.

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

- VA-Ag § 13.1-316(c): Yes.

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

- VA-Ag § 13.1-316(b): Address of initial registered office required including post office address, street and number, and county or city.

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

- VA-Ag § 13.1-316(h): Articles must include term of duration if cooperative is not to be perpetual.

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.

- VA-Ag: NA.

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

- VA-Ag §§ 13.1-316(f), 13.1-316(g): Must be at least 5 directors; Articles must state number and names and addresses of initial directors.

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

- VA-Ag: NA.

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

- VA-Ag § 13.1-316(b): Name and address of initial registered agent required; identity of agent as (1) Virginia resident, association director, Virginia bar member, domestic or (2) foreign stock or nonstock corporation, LLC, or LLP.

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.

- VA-Ag: NA.

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.

- VA-Ag: NA.

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

- VA-Ag §§ 13.1-313, 13.1-321: Member not required to be defined in articles, but must be agricultural producer (including tenants, landlords, and producer cooperative associations) who holds a membership in stock or nonstock cooperative and has no more than one vote.

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

- VA-Ag §§ 13.1-316, 13.1-319: Articles may contain any legal provisions for regulating its business or affairs; bylaws may provide rules on the relative rights, interests and preferences of members.

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

- VA-Ag §§ 13.1-316, 13.1-321: Articles must state whether property rights and interests of each member are equal (if a nonstock cooperative) and may limit amount of voting stock a member owns.

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

- VA-Ag § 13.1-316: Articles may contain any legal provisions for regulating its business or affairs.

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

- VA-Ag § 13.1-316(d): Articles must state whether cooperative organized without capital stock.

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

- VA-Ag § 13.1-316(d): Articles must state whether cooperative organized with or without capital stock.

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

- VA-Ag §§ 13.1-316(d): Articles must provide a description of capital stock.

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

- VA-Ag § 13.1-316: Articles may contain any legal provisions for regulating its business or affairs.

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

- VA-Ag § 13.1-316: Articles must provide description of capital stock.

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

- VA-Ag § 13.1-316: Articles may contain any legal provisions for regulating its business or affairs.

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

- VA-Ag §§ 13.1-316, 13.1-322: Articles may contain provisions on retirement of voting and nonvoting stock.

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

- VA-Ag § 13.1-316(i): Articles may establish election districts and rules on delegate and director elections from those districts.

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

- VA-Ag § 13.1-316(i): Yes, permited.

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

- VA-Ag § 13.1-316(i): Yes, permited.

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

- VA-Ag § 13.1-316(i): Yes, permited.

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

- VA-Ag: NA.

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

- VA-Ag § 13.1-318: Articles amended by affirmative vote of 2/3 of members voting at regular or special meeting.

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

- VA-Ag § 13.1-318: At least 10 days before meeting, notice of proposed amendment and meeting time and place delivered to last known member addresses.

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

- VA-Ag § 13.1-318: Article amendment may be made at regular or special meeting.

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

- VA-Ag § 13.1-318: Articles amended by affirmative vote of 2/3 of members voting at regular or special meeting; notice must have been mailed to last known address.

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.).

- VA-Ag § 13.1-318: 2/3.

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

- VA-Ag §§ 13.1-316, 13.1-318: "Members" may vote; articles may regulate conduct of cooperative's affairs.

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

- VA-Ag: NA.

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

- VA-Ag § 13.1-318: Triplicates of the amended articles and fee filed with the state business commission; certificate of amendment filed in commission office, state agriculture service, and state agricultural extension division.

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

- VA-Ag: NA.

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

- VA-Ag: NA.

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).

- VA-Ag § 13.1-313: Association defined as domestic or foreign agricultural cooperative operating under this act that restricts investment returns and amount of business with nonmembers.

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

- VA-Ag § 13.1-315: Cooperative may be organized under this chapter to produce, market, finance, or manufacture agricultural products, or provide education or services related to agricultural products.

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

- VA-Ag: NA.

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

- VA-Ag: NA.

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

- VA=Ag § 13.1-313. Agricultural products include livestock, dairy, poultry, wine, seeds, nuts, ground stock, horticultural, floricultural, forestry, bee, and other farm products

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

- VA-Ag: NA.

5. Cooperative Bylaws

5.1. Bylaw Requirement. Briefly describe any provisions addressing whether a cooperative is required to adopt bylaws.

- VA-Ag § 13.1-319: Directors or members must adopt bylaws.

5.2. Adoption Time Requirements. Describe any time requirements regarding adoption of the bylaws.

- VA-Ag § 13.1-319: Bylaws must be adopted before cooperative starts business.

5.3. Adoption Approval. Briefly describe any provisions addressing the approval of the bylaws by vote or written assent including the margin of approval required.

- VA-Ag § 13.1-319: Bylaws adopted by board majority or vote/written assent of 2/3 of members; notice requirements apply.

5.4. Who May Adopt Bylaws. Briefly describe who may adopt the bylaws (e.g., members, stockholders, organizing members).

- VA-Ag § 13.1-319: Directors or members.

5.5. Filing Bylaws. Briefly describe any requirements regarding filing and/or where bylaws must be kept.

- VA-Ag § 13.1-319: Within 30 days of adoption, cooperative secretary must certify bylaws and provide copies to state agriculture commissioner and the state agricultural extension division.

5.6. Bylaw Purposes. Briefly describe any statutory statements regarding the purpose of the bylaws.

- VA-Ag: NA.

5.7. Bylaw Contents. Briefly describe any general statutory statement regarding the contents of the bylaws.

- VA-Ag § 13.1-319. Bylaws must not be inconsistent with law or its articles of incorporation.

5.8. Member Admission. Briefly describe permitted/mandated bylaw provisions regarding conditions for member admission.

- VA-Ag: NA.

5.9. **Membership Rights.** Briefly describe permitted/mandated bylaw provisions regarding a description of membership rights.

- VA-Ag § 13.1-319(e): Bylaws may provide rules on relative member rights.

5.10. **Fees, Service Charges.** Briefly describe permitted/mandated bylaw provisions regarding fees and service charges by the cooperative.

- VA-Ag § 13.1-319(e): Bylaws may provide rules for association's management.

5.11. **Membership Suspension/Cessation.** Describe any provisions in the bylaws regarding suspension or cessation of membership.

- VA-Ag § 13.1-319(e): Bylaws may provide rules on effect of member expulsion.

5.12. **Membership Termination Interests.** Please describe any bylaw requirements regarding membership interests at termination.

- VA-Ag § 13.1-319(e): Bylaws may provide rules on relative member rights.

5.13. **Meeting Requirements.** Briefly describe whether the bylaws are required to state meeting requirements.

- VA-Ag §§ 13.1-319(a), 13.1-323: Bylaws may provide time, place, manner of calling and conducting meetings and quorum amount; bylaws may allow meeting notice in publication or newspaper.

5.14. **Annual Meetings.** Briefly describe whether the bylaws are required to provide for annual meetings.

- VA-Ag § 13.1-323: Bylaws may provide for one or more regular meetings each year.

5.15. **Special Meetings.** Briefly describe whether the bylaws are required to provide for special meetings.

- VA-Ag § 13.1-319(e): Bylaws may provide rules for association's management.

5.16. Meeting Location. Describe briefly whether a meeting location is required to be stated in the bylaws.

- VA-Ag § 13.1-319(e): Bylaws may provide rules for association's management.

5.17. Quorum. Describe briefly bylaw provisions permitted/mandated regarding quorum requirements.

- VA-Ag § 13.1-319(a): Bylaws may provide for quorum requirements.

5.18. Mailing and Proxies. Describe briefly bylaw provisions permitted/mandated regarding mailing and proxies, including any rules regarding electronic delivery of proxies.

- VA-Ag § 13.1-319(b): Bylaws may provide for voting by proxy or mail.

5.19. Videoconferences. Describe briefly bylaw provisions that permit/mandate electronic options for meetings (e.g., videoconferences).

- VA-Ag: NA.

5.20. District Elections. Describe briefly bylaw provisions permitting/mandating director election by district.

- VA-Ag § 13.1-319(c), 13.1-324: Bylaws may provide for director elections by district; bylaws must describe or vest power in directors to determine how district voting occurs.

5.21. Director Qualifications. Briefly list required/mandated bylaw provisions regarding directors' qualifications.

- VA-Ag § 13.1-319(c): Bylaws may provide for director qualifications.

5.22. Special Interest Directors. Briefly describe permitted/mandatory bylaw provisions regarding the appointment of directors that represent special interests or expertise (e.g., the interests of the general public, "investor members," or a specific area of expertise).

- VA-Ag § 13.1-324(a) Bylaws must provide that one or more "public directors" appointed by State Agricultural Extension Service.

5.23. Director Duties. Briefly list director duties required/permitted to be described in the bylaws.

- VA-Ag § 13.1-324(c): Bylaws may describe director powers and duties.

5.24. Term of Office. Briefly describe permitted/mandated bylaw provisions on a director's term of office.

- VA-Ag § 13.1-324(c): Bylaws may state director terms of office.

5.25. Director's Quorum. Briefly describe permitted/mandated bylaw provisions on what constitutes a directors' quorum.

- VA-Ag § 13.1-319(d): Bylaws may provide for quorum at director meeting.

5.26. Board Committees. Briefly describe permitted/mandated bylaw provisions regarding board committees.

- VA-Ag § 13.1-319. Bylaws may provide the time, place, and manner for calling and holding meetings of board executive committees and the quorum number.

5.27. Officer Qualifications, Duties. Briefly describe permitted/mandated bylaw provisions related to the qualifications and duties of cooperative officers.

- VA-Ag §§ 13.1-319(c), 13.1-326. Bylaws may provide the number, qualifications, compensation, duties and terms of office of officers; board must elect president, secretary, and treasurer, and bylaws may authorize other officers.

5.28. Service Charges. Briefly describe permitted/mandated bylaw provisions regarding service charges.

- VA-Ag §13.1-319(e). Bylaws may provide rules consistent with law and articles for management of association.

5.29. Marketing Contracts. Briefly describe permitted/mandated bylaw provisions regarding marketing contracts including provisions allowing liquidated damages for breach.

- VA-Ag § 13.1-329. Bylaws may fix, as liquidated damages, specific costs to be paid upon breach.

5.30. Net Margin Distributions. Briefly describe permitted/mandated bylaw provisions regarding net margins distributions.

- VA-Ag §§ 13.1-319(e), 13.1-322(E). Bylaws may provide rules consistent with law and articles for association management; may provide that any distribution may be credited to nonmember until amount equals value of membership certificate or voting stock.

5.31. Reserves. Briefly describe permitted/mandated bylaw provisions regarding investment of reserves.

- VA-Ag §§ 13.1-319(e), 13.1-320(B)(4). Bylaws may provide rules consistent with law and articles for association management; cooperative has authority to establish and accumulate reserves and surplus to capital, and other funds authorized by bylaws.

5.32. Stock Ownership Limits. Describe permitted/mandated bylaw provisions regarding stock ownership limits.

- VA-Ag §§ 13.1-319(e), 13.1-322(C). Bylaws may provide rules on the issuance and transfer of stock and the relative rights of members; membership restriction to agricultural producers must be in bylaws.

5.33. Stock/Membership Restrictions. Describe permitted/mandated bylaw provisions regarding stock/membership restrictions.

- VA-Ag §§ 13.1-319(e), 13.1-321(c), 13.1-322(C). Bylaws may provide rules on relative rights, interests and preferences of members and stockholders; membership lost if cease to be agricultural producer under bylaw terms; membership restriction to agricultural producers must be in bylaws.

5.34. **Stock Dividends.** Describe permitted/mandated bylaw provisions regarding stock dividends.

- VA-Ag § 13.1-319(e). Bylaws may provide rules for association management.

5.35. **Membership Cessation.** Describe permitted/mandated bylaw provisions regarding cessation of membership.

- VA-Ag §§ 13.1-319(e), 13.1-321(C). Bylaws may provide rules the mode, manner, and effect of member expulsion and must provide rules on loss of membership when no longer agricultural producer.

5.36. **Membership Suspension.** Describe permitted/mandated bylaw provisions regarding suspension of membership.

- VA-Ag § 13.1-319(e). Bylaws may provide rules for management of the association.

5.37. **Interests at Termination.** Describe permitted/mandated bylaw provisions regarding member interests at termination of the cooperative.

- VA-Ag §§ 13.1-319(e), 13.1-322(F). Bylaws may provide rules for management of the association; board appraises value of membership, determines when former member paid unless membership interest transferred.

5.38. **Bylaw Amendments.** Describe how the bylaws may be amended.

- VA-Ag § 13.1-319. Bylaws amended by board majority, by 2/3 member vote at any meeting or by the written 2/3 member mail ballot assent, provided appropriate written notice delivered or mailed to last known address ten days prior to meeting or mail ballot return date; members may mandate that any bylaw made by them shall not be altered by directors.

5.39. **Bylaw Violations.** Describe mandated/permitted bylaw terms that address penalties for bylaw violations.

- VA-Ag § 13.1-319(f). Bylaws may provide penalties for violation.

5.40. Miscellaneous Bylaw Terms. Describe any other mandated/permitted bylaw terms.

- VA-Ag § 13.1-319. Bylaws may address requirements regarding conduct of meetings, voting, establishment of districts.

6. Cooperative Members

6.1. Member Identified. List who may be a member (e.g., person, corporation, partnership, association, trust, executor, administrator, receiver, political subdivision, producer, tenant, etc.).

- VA-Ag §§ 13.1-321: Members may be agricultural producers including tenants and landlords receiving a share of the crop, agricultural cooperatives.

6.2. Farmer Membership. Describe briefly any provisions defining members as agricultural producers.

- VA-Ag §§ 13.1-321: Members may be agricultural producers including tenants and landlords receiving a share of the crop, agricultural cooperatives.

6.3. Tenant Member. Briefly describe any provisions defining a member as a tenant of land used for agricultural production.

- VA-Ag §§ 13.1-321: Members may be tenants.

6.4. Worker Member. Briefly describe any provision defining a member as a worker.

- VA-Ag: NA.

6.5. Non-Patron Members. Describe briefly any provisions allowing non-patron members (e.g., an "investor member," etc.)?

- VA-Ag: NA.

6.6. Nonmember Interests. Briefly describe any definition(s) of (a) nonmember(s) who may hold shares or proprietary interests in the cooperatives.

- VA-Ag § 13.1-322: Association may issue nonvoting stock to nonmembers.

6.7. Other Membership Definitions. Briefly describe any other membership definitions.

- VA-A § 13.1-313(e): Members holds membership in association without capital stock or with voting stock (if in association with capital stock).

6.8. Fostering Membership. Describe any provision that allows the cooperative to foster membership by advertising, education, or other lawful means.

- VA-Ag § 13.1-315(c): Cooperative may perform educational services for agricultural producers.

6.9. Membership Fee. Briefly describe any provision that addresses the membership fees.

- VA-Ag: NA.

6.10. New Members. Briefly describe provisions on the admission of new members.

- VA-Ag §§ 13.1-321(a), 13.1-322(A): Only agricultural producers may be members; full payment (which can include promissory note) required before issuance of voting stock or membership certificate.

6.11. Membership Limitations. Briefly describe any limitation on the number of members.

- VA-Ag: NA.

6.12. Membership Transfers. Briefly describe any restrictions on membership transfers.

- VA-Ag § 13.1-322: Voting stock not transferable to non-agricultural producers; board must approve transfers of nonstock association certificates.

6.13. **Membership Contribution.** Describe briefly any provision that addresses ongoing membership contributions.

- VA-Ag: NA.

6.14. **Member Distribution Rights.** Briefly describe any provision addressing a member's distribution rights.

- VA-Ag § 13.1-322(F): When member terminates, board appraises membership interest value and fixes payment time, unless member (with board consent) transfers membership certificate.

6.15. **Stock/Membership Certificates.** Briefly describe any provisions addressing how membership is evidenced (e.g., by stock or membership certificates).

- VA-Ag § 13.1-322: Membership evidenced with certificate or voting stock.

6.16. **Certificate Information.** Describe briefly if any provision that addresses whether any particular information is required to appear on the stock or membership certificates.

- VA-Ag § 13.1-322: Membership voting stock must state that it is not transferable to non-agricultural producers; conditions for redemption/retirement of nonvoting stock must also be described on the instrument; any certificate or other evidence of patron equity must include on the instrument terms for transfer.

6.17. **Member Property/Equity Rights.** Briefly describe any provisions addressing a member's property/equity rights in the cooperative.

- VA-Ag § 13.1-322(l): Association may issue patron a certificate/evidence of association equity; instrument may be transferred only to association or approved purchaser.

6.18. **Non-Patron Equity.** Briefly describe any provision addressing equity rights of a non-patron.

- VA-Ag: NA.

6.19. Voting. Briefly describe any statutory reference to "one member, one vote."

- VA-Ag § 13.1-321(e): No member shall have more than one vote.

6.20. Patronage Voting. Briefly describe whether the cooperative statute permits/requires patronage voting.

- VA-Ag: NA.

6.21. Director Elections. Briefly describe any statutory requirements regarding the election of directors by patron members.

- VA-Ag § 13.1-324: Directors (not including public directors) elected from membership or from member association.

6.22. Investor Members. Briefly describe any limitations on voting by non-patron equity stakeholders/"investor members."

- VA-Ag § 13.1-322: Only members may vote.

6.23. Patronage Dividends. Briefly describe member rights to receive patronage dividends.

- VA-Ag § 13.1-322(E): Net savings after expenses and required dividends are distributed on patronage basis.

6.24. Retained Allocations. Briefly describe member rights to receive per-unit retained allocations.

- VA-Ag § 13.1-322(E): Cooperative's books describe how member and patron interests in reserves determined.

6.25. Nonmember Rights. Briefly describe a nonmember's right to receive patronage dividends and/or per-unit retained allocations.

- VA-Ag § 13.1-322(E): Patronage refunds may or may not be restricted to members; bylaws may allow nonmember distributions to be credited toward membership.

6.26. **Nonmember Limitations.** Briefly describe any limitations on the cooperative's business with nonmembers (including how the limitations are measured).

- VA-Ag § 13.1-320(10): Cooperative may deal in nonmember products to an amount not greater in annual value than member products.

6.27. **Allocations.** Briefly describe any required rules regarding the allocation of profits and losses among patron and non-patron members.

- VA-Ag §§ 13.1-316(e), 13.1-319(e): Articles and bylaws may provide for relative rights and interests of members.

6.28. **Derivative Suit.** Briefly describe any provision addressing whether a member has the right to bring a derivative action.

- VA-Ag § 13.1-672.1: Members may bring suit if they have standing and if cooperative has been given 90 days' notice to address issue.

6.29. **Liability Limitation.** Briefly describe any limitation on a member's liability.

- VA-Ag § 13.1-321(d): Members not liable for cooperative liabilities.

6.30. **Records Inspection.** Briefly describe a member's right to inspect cooperative records and/or audits.

- VA-Ag §§ 13.1-301, 13.1-771(A): Member entitled to inspect and copy records during business hours at corporation's principal office 5 days before signed written notice given.

6.31. **Membership Suspension.** Briefly describe any provisions regarding membership suspension.

- VA-Ag: NA.

6.32. Membership Termination. Briefly describe any provisions regarding when membership terminates (e.g., expulsion, death, withdrawal).

- VA-Ag §§ 13.1-319(e), 13.1-321(c): Member loses membership and voting rights if ceases to be agricultural producer; remains subject to any liability incurred by while a member; bylaws prescribe rules on loss of membership.

6.33. Termination Procedure. Briefly describe any procedural requirements regarding membership termination.

- VA-Ag § 13.1-319(e): Bylaws prescribe rules on loss of membership.

6.34. Member Termination Rights. Briefly describe a former member's rights on termination.

- VA-Ag § 13.1-322(F): Member receives value of membership as determined by board when the board decides to pay it.

6.35. Membership Valuation. Briefly describe any provisions regarding membership valuation.

- VA-Ag § 13.1-322(F): When member terminates, board appraises money value of membership interest and determines when value is paid unless membership is transferred (with board consent).

6.36. Miscellaneous. Please address any issues related to this section that have not been addressed by the previous questions.

- VA-Ag: NA.

7. Cooperative Association Control and Voting

7.1. Voting Definition. Briefly describe any provisions defining "voting."

- VA-Ag: NA.

7.2. Voting Rights. Briefly describe any statutory requirements regarding individual member voting rights including whether there is one vote per member or equal voting required.

- VA-Ag § 13.1-321(e): No member shall have more than one vote.

7.3. Patronage Voting. Briefly describe provisions regarding voting based on member patronage.

- VA-Ag § 13.1-319: Bylaws may provide for the manner of voting.

7.4. Patronage Voting Exceptions. If there is voting based on the amount of a member's patronage, describe any exceptions or limitations.

- VA-Ag § 13.1-319: Bylaws may provide for the manner of voting.

7.5. Equity Voting. Is voting permitted based on the amount of a member's equity?

- VA-Ag § 13.1-319: Bylaws may provide for the manner of voting.

7.6. Membership Classes. Briefly describe any provisions listing more than one membership class.

- VA-Ag: NA.

7.7. Class Voting. If there is more than one class of members, briefly describe the voting rights of each class.

- VA-Ag: NA.

7.8. Entity Voting. Briefly describe whether the statute allows for voting by "non-natural" persons (e.g., partnerships, limited liability companies, corporations, other cooperative associations including federated cooperatives).

- VA-Ag § 13.1-321: Agricultural cooperatives may be members; members may not have more than one vote.

7.9. Federated Voting. Briefly describe statutory provisions on voting by federated cooperatives.

- VA-Ag §§ 13.1-316, 13.1-319: Articles and bylaws may provide rules on establishment of election districts; articles may provide for election of delegates and directors, and for voting by proxy or mail ballot.

7.10. Federated Conflicts. Briefly describe any provisions that address conflicts of interest with respect to federated cooperatives.

- VA-Ag: NA.

7.11. Proxy Voting. Briefly describe provisions allowing for proxy voting.

- VA-Ag § 13.1-316: Articles may provide rules for voting by proxy.

7.12. Mailing Ballots. Briefly describe provisions permitting voting by mail.

- VA-Ag §§ 13.1-316: Articles may provide rules on voting by mail ballot.

7.13. Electronic Voting. Briefly describe any telecommunications permitted in the voting process including electronic transmission of votes.

- VA-Ag §§ 13.1-660.2, 13.1-663, 13.1-844.2, 13.1-847: Members may participate in meetings via remote communication and vote using electronic proxy appointment.

7.14. Liens. Briefly describe any provisions that address voting when there is a lien on a member's stock.

- VA-Ag § 13.1-322(A): Promissory note accepted as full/partial payment of membership; cooperative holds stock/membership as security for payment, but member can still vote.

7.15. Subscriber Voting. Describe briefly if voting is permitted by subscribers who have committed to buying stock but have not purchased it yet.

- VA-Ag § 13.1-322(A): Promissory note accepted as full/partial payment of membership; cooperative holds stock/membership as security for payment, but member can still vote.

7.16. Cumulative Voting. Briefly describe any cumulative voting permitted.

- VA-Ag: NA.

7.17. District Voting. Briefly describe any rules regarding voting by district or region.

- VA-Ag §§ 13.1-316, 13.1-319: Articles and bylaws may provide rules on establishment of election districts.

7.18. Miscellaneous. Briefly describe any other rules regarding voting.

- VA-Ag: NA.

7.19. Membership Meetings. Briefly describe any requirements that the cooperative have membership meetings.

- VA-Ag § 13.1-323: Bylaws may provide for one or more regular meetings each year; board may call special meetings; special meetings also required when 10% of members file a petition; meetings may be held in or out of state.

7.20. First Meeting. Briefly describe any statutory requirements regarding the first meeting.

- VA-Ag § 13.1-323: Members must hold an organization meeting after incorporation to adopt bylaws; 10 days written notice of meeting must be given.

7.21. Special Meetings. Briefly describe any provisions on special meetings.

- VA-Ag § 13.1-323: Bylaws may provide for one or more regular meetings each year; board may call special meetings; special meetings also required when 10% of members file a petition specifying business to be considered.

7.22. Attendance Rules. Briefly describe meeting attendance rules for different classes of membership.

- VA-Ag: NA.

7.23. Notice Requirements. Briefly describe any meeting notice requirements.

- VA-Ag § 13.1-323: Notice mailed to each member at least 10 days prior to meeting; special meeting notices are required to state meeting purposes; alternatively, bylaws may provide that notice is given by cooperative publication or local newspaper.

7.24. Notice Requirement Termination. Briefly describe any rules addressing when notice is no longer required (e.g., after several delivery failures).

- VA-Ag § 13.1-319(a): Bylaws may provide the manner of calling meetings.

7.25. Meeting Location. Briefly describe provisions that mandate a particular location for meetings.

- VA-Ag §§ 13.1-319, 13.1-323: Board fixes place for first meeting; meetings may be in or out of state; bylaws may provide meeting place.

7.26. Teleconferences. Can meetings occur by electronic transmission (teleconferencing)?

- VA-Gen § 13.1-660.2, 13.1-844.2: Yes.

7.27. District Meetings. Are meetings permitted by geographic district?

- VA-Ag: NA.

7.28. Quorum Requirements. Briefly describe quorum requirements for meetings.

- VA-Ag § 13.1-319(a): Bylaws may provide quorum requirements.

7.29. Referendum Requirements. Briefly describe requirements regarding any referendum.

- VA-Ag: NA.

7.30. Meeting Miscellaneous. Describe any other provision regarding meetings.

- VA-Ag: NA.

7.31. Miscellaneous. Please describe any other provision that relates to this section that has not been addressed by the previous questions.

- VA-Ag: NA.

8. Cooperative Directors

8.1. Director Number. Briefly describe whether a particular number of directors is required.

- VA-Ag § 13.1-324: Five.

8.2. Office Term. Briefly describe any requirements regarding a director's term of office.

- VA-Ag § 13.1-324(c): One year term unless otherwise prescribed in bylaws.

8.3. Director Qualifications. Briefly describe any qualification requirements for directors (e.g., must be a member of the cooperative, must be a natural person).

- VA-Ag § 13.1-324(c): One or more directors appointed by the state agricultural extension service; other directors must be cooperative members or officers, directors, or members of a member association; bylaws prescribe other qualifications.

8.4. Special Directors. Are any special categories of directors permitted (e.g., nonmember initial directors, "investor-members," members who represent community interests, or who have special expertise).

- VA-Ag § 13.1-324(c): One or more directors appointed by the state agricultural extension service.

8.5. Director Voting Restrictions. Are there any restrictions with respect to voting imposed on any category of director?

- VA-Ag: NA.

8.6. Elector Qualifications. Briefly describe any qualification requirements for a person electing any director(s).

- VA-Ag § 13.1-324(a): Directors elected by members or appointed by director of state agricultural extension service.

8.7. Election Rules. Briefly describe any rules on how elections occur.

- VA-Ag § 13.1-324: Bylaws prescribe manner of elections; directors may call special meetings.

8.8. District Elections. Briefly describe if elections may be conducted by district and whether the director must come from that district.

- VA-Ag § 13.1-324(d): Bylaws may divide cooperative's territory into districts and elect directors from those districts; bylaws or board will determine number of directors from each district and the method used to apportion directors according to territory; bylaws may permit primary elections in each district to nominate directors who will then be ratified at the next regular meeting or considered to be the final choice of directors.

8.9. Delegate Elections. Briefly describe if delegates may be elected to choose directors.

- VA-Ag § 13.1-324(d): Delegates may be elected to choose directors.

8.10. Director Remuneration. Briefly describe any provisions addressing whether a director is entitled to remuneration for services.

- VA-Ag § 13.1-319(c): Bylaws may provide for director compensation.

8.11. Director Reimbursement. Briefly describe any provisions that address whether directors may be reimbursed for expenses.

- VA-Ag §§ 13.1-319(c), 13.1-699, 13.1-878: Bylaws may provide for director compensation; generally cooperative may reimburse director who is party to a proceeding and who meets conduct requirements.

8.12. Director Insurance. Briefly describe any provisions addressing reimbursement for director insurance.

- VA-Ag §§ 13.1-319(c), 13.1-697, 13.1-876: Bylaws may provide for director compensation; generally cooperative may indemnify directors operating in good faith.

8.13. Miscellaneous. Briefly describe any other provision addressing director compensation.

- VA-Ag: NA.

8.14. Director Responsibilities. Briefly describe any provisions that address a director's responsibilities.

- VA-Ag §§ 13.1-319(c), 13.1-324: Bylaws may provide for director duties; cooperative business managed by directors.

8.15. Director Powers. Briefly describe any provisions addressing director powers.

- VA-Ag §§ 13.1-319, 13.1-322, 13.1-32, 13.1-324; 13.1-325; 13.1-326; 13.1-327; 13.1-328; 13.1-340: Directors can adopt and may alter bylaws; approve transfer of membership certificates; declare dividends; call special meetings; fill board vacancies; divide cooperative territory into election districts; elect executive committees; elect a president, secretary, treasurer, vice-presidents, and other bylaw-authorized officers; vote on officer removal; conduct a referendum; in an exchange, determine the fair market value of capital stock; sell, mortgage, and dispose of assets in the regular course of business; recommend dispositions not in the regular course of business for a member vote; abandon an approved disposition.

8.16. Special Committees. Briefly describe whether directors may create special purpose committees.

- VA-Ag §13.1-324 (e): Bylaws may provide for executive committee elected by board; committee has board powers subject to board control.

8.17. Committee Restrictions. Briefly describe any restrictions on special committee membership (e.g., to individuals who are directors, etc.).

- VA-Ag §13.1-324(e): Committee made up of board.

8.18. Meeting Notice. Briefly describe any provisions addressing notice requirements for director meetings.

- VA-Ag §§13.1-319(d), 13.1-324: Bylaws may provide for time, place, manner of meetings.

8.19. Quorum Requirements. Briefly describe any provisions addressing quorum requirements for director meetings.

- VA-Ag §§13.1-319(d): Bylaws may provide for quorum requirements of meetings.

8.20. Director Voting. Briefly describe any provisions addressing director voting.

- VA-Ag §§13.1-319(d), 13.1-324: Bylaws may provide for manner of meetings.

8.21. Videoconferencing. Briefly describe any provisions that address electronic meetings (videoconferencing).

- VA-Ag §§13.1-319, 13.1-324, 13.1-684, 13.1-864: Bylaws may address manner for holding director meetings; directors deemed present so long as all participants can simultaneously hear each other.

8.22. Special Director Action. Briefly describe any provisions that address director action without a meeting.

- VA-Ag §§ 13.1-685, 13.1-865: Except as provided in articles or bylaws, director action generally may be taken without a meeting if director signs and delivers consent to cooperative.

8.23. Miscellaneous. Describe briefly any meeting provision not addressed in the prior questions.

- VA-Ag: NA.

8.24. Director Vacancy. Briefly describe any provisions that address filling a director vacancy.

- VA-Ag § 13.1-324(c)(2): Unless bylaws provide otherwise, generally vacancies occurring before term end filled by remaining directors; if bylaws provide for district election, board calls special meeting of district members or delegates to elect new director; new director serves until election at next annual or special meeting; public director vacancies are filled by Director of the State Agricultural Extension Service.

8.25. Director Removal. Briefly describe any provision that addresses the removal of a director.

- VA-Ag § 13.1-325: 10% of members may file charges and petition for director removal, director removed by 2/3 vote at next meeting; when directors elected by district, petition must be signed by 20% of district members, board calls special district meeting, and 2/3 vote removes director.

8.26. Removal Procedure. Briefly describe any procedural requirements regarding the removal of a director (e.g., the requirement of a hearing, the requirement that a vote occur at a meeting).

- VA-Ag § 13.1-325: Director served with charges 10 or more days prior to meeting; director and charging members have opportunity at meeting to present evidence, be heard in person and by counsel.

8.27. Director Replacement. Briefly describe any provisions that address replacing the removed director.

- VA-Ag: § 13.1-324(c)(2): Unless bylaws provide otherwise, generally vacancies occurring before term end filled by remaining directors; if bylaws provide for district election, board calls special meeting of district members or delegates to elect new director; new director serves until election at next annual or special meeting; public director vacancies are filled by Director of the State Agricultural Extension Service.

8.28. Miscellaneous Director Removal. Briefly describe any other provision addressing director removal that has not been addressed by the prior questions.

- VA-Ag: NA.

8.29. Miscellaneous. Please describe any provisions not addressed by the previous questions.

- VA-Ag: NA.

9. Cooperative Officers

9.1. **Offices.** List any offices statutorily required to be filled (including if one person can hold more than one office or if more than one office can be combined).

- VA-Ag § 13.1-326: Board elects president, secretary, treasurer, and may elect one or more vice-presidents, and other officers bylaws authorize; president and one vice-president must be directors; non-director vice-president cannot be president; any two of the offices of vice-president, secretary and treasurer may be combined.

9.2. **Officer Qualifications.** Briefly describe any qualifications required to be an officer.

- VA-Ag § § 13.1-319(c), 13.1-326: Bylaws may provide for qualifications of officers; president and one vice-president must be directors; non-director vice-president cannot be president.

9.3. **Bank Treasurer.** May a bank be the treasurer or other officer?

- VA-Ag: NA.

9.4. **Bonding.** Briefly describe any bonding requirements for officers.

- VA-Ag: NA.

9.5. **Selection.** Briefly describe any provisions stating how officers are selected.

- VA-Ag § 13.1-326: Board elects president, secretary, treasurer, and may elect one or more vice-presidents, and other officers bylaws authorize.

9.6. **Compensation.** Briefly describe any requirements regarding compensation.

- VA-Ag § 13.1-319(c): Bylaws may provide for officer compensation.

9.7. Responsibilities. Briefly describe any requirements regarding responsibilities.

- VA-Ag § 13.1-319(c): Bylaws may provide for officer duties.

9.8. Officer Removal. Briefly describe any provisions that address officer removal.

- VA-Ag § 13.1-327: Ten percent of members may petition for officer removal for misconduct or incompetency; director majority vote at first meeting of the board held after a hearing on the charges removes the officer even if under contract.

9.9. Removal Procedures. Briefly describe any procedural requirements regarding officer removal.

- VA-Ag § 13.1-327: Officer served with charges 10 days or more prior to meeting; officer and charging members have opportunity to present evidence, be heard in person and by counsel.

9.10. Miscellaneous. Please describe any other provisions regarding officers that have not been addressed by prior questions.

- VA-Ag: NA.

10. Fiduciary Duties of Cooperative Directors and Officers

10.1. Duty of Care. Briefly describe any provisions that address duty of care requirements that apply for directors and officers.

- VA-Ag §§ 13.1-690, 13.1-870: Director must use good faith business judgment in the best interests of the cooperative.

10.2. Professional Counsel. List professionals that directors and officers can rely upon (e.g. a board committee, legal counsel, public accountants, and individuals the director/officer reasonably believes to be acting within their professional competence).

- VA-Gen §§ 13.1-690, 13.1-870: Generally, director may rely on competent officers and employees, legal counsel, public accountants, board committees.

10.3. Cooperative Interests. Briefly describe any guidance or factors statutorily provided to help directors and officers to make decisions in the cooperative's best interest (e.g., full disclosure, fairness to the cooperative, or a provision stating that the officers and directors may consider the interests of the members, employees, suppliers, creditors, the economy, the long- and short-term interests of the cooperative, etc.). Please provide the applicable provision section(s).

- VA-Ag: NA.

10.4. Contracts. List the circumstances when a cooperative and a director may enter a contract (e.g., when there is disclosure, when a "fair and reasonable" standard is followed, when the contract is ratified in good faith by the board, when the director recuses him- or herself). Please provide the applicable provision section(s).

- VA-Ag §§ 13.1-691, 13.1-871: Conflict of interest exists when director is not disinterested; generally conflict of interest transaction not voidable if material facts were known to shareholders and/or board before authorization and/or transaction was fair to cooperative.

10.5. Director Compensation. Briefly describe any rules regarding director approval of their own compensation.

- VA-Ag § 13.1-319(c): Bylaws may provide for director compensation.

10.6. Conflict of Interest. Briefly describe any provisions that address conflict of interest situations when a director has a material financial interest.

- VA-Ag §§ 13.1-691, 13.1-871: Conflict of interest exists when director is not disinterested; generally conflict of interest transaction not voidable if material facts were known to shareholders and/or board before authorization and/or transaction was fair to cooperative.

10.7. Duty of Obedience. Briefly describe any provisions that address the duty of obedience.

- VA-Ag: NA.

10.8. Liability Limitations. Briefly describe any provisions that address limitations on civil liability for officers and directors.

- VA-Ag § 13.1-692.1: Generally, damages shall not exceed the lesser of the amount in articles/bylaws, or the greater of \$100,000 or the officer/director's compensation received in the prior year.

10.9. Articles and Bylaws. Briefly describe any provisions that allow liability limitations to be included in the articles or bylaws.

- VA-Ag §§ 13.1-319, 13.1-692.1, 13.1-870.1: Articles/bylaws may provide for liability limitations.

10.10. Indemnification/Payments. Briefly describe any provisions that indemnify directors and/or officers and/or allow payment by the cooperative of litigation, judgment, settlement, or other costs on their behalf.

- VA-Ag §§ 13.1-319, 13.1-697, 13.1-698; 13.1-699, 13.1-876, 13.1-877, 13.1-878: Generally cooperative may indemnify director who acted in good faith in the interest of cooperative; director who prevails must be reimbursed; cooperative may advance reasonable expenses to director in proceeding.

10.11. Insurance Coverage. Briefly describe any provisions that address insurance coverage for director and/or officer liability.

- VA-Ag: NA.

10.12. Derivative Actions. Describe any provisions regarding derivative actions including any statute of limitations.

- VA-Gen §§ 13.1-319, 13.1-672.1, 13.1-672.4: Shareholder must meet standing requirements; cooperative must have opportunity to fix act/omission; suit dismissed if not in best interest of cooperative.

10.13. Miscellaneous. Describe any other provisions that address fiduciary issues related to directors and officers.

- VA-Ag: NA.

11. Patronage

11.1. Patron Definition. Briefly describe any statutory definition of patron.

- VA-Ag § 13.1-313(g): Patron is a person using cooperative to market agricultural products or to purchase supplies or services.

11.2. Cooperative as Agent. Briefly describe provisions authorizing the cooperative to act as an agent.

- VA-Ag § 13.1-320(B)(1): Cooperative may act as agent for members.

11.3. Nonmember Business. Are cooperatives authorized to engage in nonmember business?

- VA-Ag § 13.1-320(B)(11): Yes.

11.4. Nonmember Business Proportion. Briefly describe the proportion of nonmember business permitted.

- VA-Ag § 13.1-320(B)(11): Cooperative may market or deal in products of nonmembers to an amount not greater in annual value than products of members.

11.5. Nonmember Business Measurement. Briefly describe how nonmember business is measured.

- VA-Ag § 13.1-320(B)(11): Cooperative may market or deal in products of nonmembers to an amount not greater in annual value than products of members.

11.6. Patronage Definition. Briefly describe any definition of patronage.

- VA-Ag § 13.1-313(g): Patron is a person using cooperative to market agricultural products or to purchase supplies or services.

11.7. Patronage Refund Description. Briefly state whether the manner of providing patronage refunds must be described in the articles and/or bylaws.

- VA-Ag §§ 13.1-316, 13.1-319: Articles and bylaws may contain provisions for regulating cooperative's business.

11.8. Business Cost Deduction. Briefly describe any provision regarding a deduction for the cost of doing business in calculating net margins.

- VA-Ag § 13.1-322(E): Net savings is defined as the excess of receipts over costs and expenses for each year.

11.9. Interest/Dividend Limitations. Briefly describe any limitations on dividends or interest permitted to be paid.

- VA-Ag §§ 13.1-313(c), 13.1-322(D), 13.1-32(a): Cooperatives must restricts return on stock or membership capital to limits provided by statute; board may declare and pay dividends except when payment is contrary to restrictions in articles; marketing contracts between cooperative and member may provide that cooperative will pay the member the price it has received for member's product after deducting expenses including interest or dividends paid on preferred and common stock not exceeding 8% per year.

11.10. Interest/Dividend Deductions. Briefly describe whether deductions for interest paid or for dividends on capital stock are required/permitted in calculating net margins.

- VA-Ag § 13.1-322(E): Yes, permitted.

11.11. Education Deductions. Briefly describe if a deduction for contributions to fund education, training, or cooperative development is required/permitted in calculating net margins.

- VA-Ag §§ 13.1-315(c), 13.1-322(E): Deduction for expenses for educational services permitted in arriving at net savings.

11.12. Capital Reserve. Please describe whether a contribution to a reserve for replacement of capital assets is required/permitted in calculating net margins.

- VA-Ag §§ 13.1-320(B)(4), 13.1-322(E): Contribution to capital reserve permitted in calculating net savings.

11.13. Unallocated Account. Briefly describe whether a contribution to an unallocated account is required or permitted in calculating net margins.

- VA-Ag §§ 13.1-320(B)(4), 13.1-322(E): Cooperative may accumulate reserves as authorized by articles or bylaws; contributions to reserve permitted in calculating net savings.

11.14. Indivisible Reserves. Briefly describe whether contributions to indivisible reserves are required/permitted in calculating net margins.

- VA-Ag: NA.

11.15. Miscellaneous. Briefly describe any other statutory references to calculating net margins (e.g., adherence to generally accepted accounting principles in net margin determinations, use of net earnings to offset prior losses, use of amounts from nonmembers).

- VA-Ag: NA.

11.16. Patronage Apportionment. Briefly describe requirements regarding apportionment of patronage profits and loss (e.g., is apportionment to be based on patronage, sales, business, labor, wages, contributions to capital?).

- VA-Ag §§ 13.1-316, 13.1-319, 13.1-322(E): Articles and bylaws may contain provisions for regulating the association's business.

11.17. Nonmember Apportionment. Briefly describe any provision allowing apportionment to nonmembers.

- VA-Ag § 13.1-322(E): Distribution of patronage refunds may be restricted to members or be made at the same or a different rate for members and nonmembers; bylaws may provide that distribution may be credited to eligible nonmember until amount equals a membership certificate or voting stock.

11.18. Allocation Units. Briefly describe any provisions regarding apportioning profits and losses based on allocation units.

- VA-Ag §§ 13.1-316, 13.1-319, 13.1-322(E): Articles and bylaws may contain provisions for regulating the association's business.

11.19. Member Classes. Briefly describe any provisions regarding apportioning profits and losses based on classes of members.

- VA-Ag §§ 13.1-316, 13.1-319, 13.1-322(E): Articles and bylaws may contain provisions for regulating the association's business.

11.20. Miscellaneous. Briefly describe any other methods of apportionment.

- VA-Ag: NA.

11.21. Payments. Briefly describe how net earnings may be paid (e.g., cash, credits, written notices of allocation, capital stock, etc.).

- VA-Ag: NA.

11.22. Allocation Notice. Briefly describe any definition of "written notice of allocation."

- VA-Ag: NA.

11.23. Retain Allocation. Briefly describe any definition of "per unit retain allocation."

- VA-Ag: NA.

11.24. Nonmembers. Briefly describe whether nonmembers receive patronage refunds or per-unit retains.

- VA-Ag § 13.1-322(E): Distribution of patronage refunds may be made at the same or a different rate for members and nonmembers.

11.25. Unclaimed Distributions. Describe any provisions that address the treatment of unclaimed distributions.

- VA-Ag § 13.1-322(J): A member with unclaimed distributions who has not had a current address on file for three consecutive years generally forfeits the distributions to the cooperative if notice requirements followed.

11.26. Marketing Contract. Briefly describe any provisions requiring the bylaws to describe a marketing contract between the association and its members.

- VA-Ag § 13.1-329(a) Cooperative may make marketing contracts with members requiring exclusive agricultural sales for a specified period of time up to 10 years.

11.27. Contract Signature. Describe briefly provisions allowing the cooperative to require a member to sign a marketing contract.

- VA-Ag § 13.1-329: No specific reference to signature.

11.28. Non-Patron Contracts. Describe provisions stating whether a cooperative may contract with individuals other than patron members.

- VA-Ag: NA.

11.29. Sale Requirements. Describe any provisions allowing the marketing contract to provide that the producer sell all or a specified portion of the producer's service or product to the cooperative.

- VA-Ag § 13.1-329: Contract may require sale of all or part of product through cooperative or facility created by cooperative.

11.30. Title Passage. Briefly describe any provision regarding the cooperative taking title to the member's product.

- VA-Ag § 13.1-329: Contract may provide that association can sell/resell products with or without taking title.

11.31. Payment. Describe briefly any provisions addressing payment by the cooperative.

- VA-Ag § 13.1-329: Contract may provide that cooperative pay resale price to member after deducting expenses including those for interest/dividends on common and/or preferred stock (not exceeding 8%) and reserves.

11.32. Contract Duration. Briefly describe any statutory reference to the duration of the marketing contract.

- VA-Ag § 13.1-329: Contract may not exceed 10 years.

11.33. Filing Requirements. Briefly describe any filing requirements for the marketing agreement.

- VA-Ag § 13.1-330: Cooperative may deliver "contract book" to a Virginia court clerk who then is required to record marketing contracts and contracting individuals; cooperative officer must swear to existence of agreement and parties; clerk entitled to fees paid by cooperative.

11.34. Effect of Filing. Describe briefly any provision addressing the effect of filing.

- VA-Ag § 13.1-330: Recordation provides constructive notice of marketing contract; liens acquired after recordation date generally are subject to contract rights of the cooperative except rights of purchasers without notice at a public auction and statutory liens of landlords for rent or advances to tenant; no tax charged for recordation.

11.35. Nonperformance Remedies. Briefly list available remedies for marketing contract nonperformance.

- VA-Ag § 13.1-329(b), (c): Upon breach, bylaws and marketing contract may fix sums to be paid as liquidated damages; may require member to pay enforcement costs; is entitled to injunction and decree of specific performance; pending adjudication of action, cooperative entitled to temporary restraining order and preliminary injunction.

11.36. Penalties. Describe briefly whether there are penalties for contract interference.

- VA-Ag § 13.1-329(d): Individual who induces breach is liable for damages; person who maliciously and knowingly spreads false reports about cooperative has civil liability for damages caused and must also pay penal sum of \$500 for each act.

11.37. Miscellaneous. Briefly list any other references to marketing agreements.

- VA-Ag § 13.1-329(e): Individual conducting public tobacco warehouse who knowingly solicits/permits member to offer products for sale contrary to marketing agreement is liable in civil suit for the penal sum of \$100-\$500 for each offence; can be enjoined from further breaches; and must pay attorneys' fees and cost of proceeding; however notice must be served to individual after tobacco delivered and prior to sale.

11.38. Pooling. Briefly list any requirements regarding pooling.

- VA-Ag: NA.

11.39. Product Exemptions. Briefly describe any provisions regarding product exemptions.

- VA-Ag: NA.

11.40. Miscellaneous. Briefly describe any provisions that address the patronage relationship that are not addressed by the prior questions.

- VA-Ag: NA.

12. Cooperative Capitalization

12.1. Nonstock Authorized. Describe briefly whether nonstock cooperatives are authorized by statute.

- VA-Ag § 13.1-316(d): Yes.

12.2. Membership Contribution. Describe briefly any required/permitted nonstock cooperative membership fee or contribution.

- VA-Ag § 13.1-322(G): Certificate of membership will not be issued until paid for; promissory notes can be provided in full or partial payment; bylaws may provide that distribution to a eligible nonmember may be credited to such nonmember, until the amount equals the value of a membership certificate.

12.3. Membership Certificate. Briefly describe any provisions regarding a certificate representing membership for non-stock corporation?

- VA-Ag § 13.1-322: Certificates of membership signed by cooperative president, vice-president, or treasurer or assistant treasurer and the secretary or an assistant secretary of the association, or by facsimiles of their signatures; certificate may have cooperative seal.

12.4. Miscellaneous. Briefly describe any other provisions addressing nonstock cooperatives.

- VA-Ag § 13.1-316(e): Articles must address whether member property interests of cooperative organized without capital stock are equal; if unequal, articles must state rule by which such interests are determined.

12.5. Stock Cooperatives. Briefly describe any provisions authorizing stock cooperatives.

- VA-Ag § 13.1-316(d): Stock cooperatives authorized.

12.6. Membership Contributions. Please describe any provisions regarding membership fees or contributions to a stock cooperative.

- VA-Ag § 13.1-322: Stock certificate will not be issued until paid for, but promissory notes may be accepted as full or partial payment; voting stock may be issued only for money or notes or in payment of patronage refunds at par.

12.7. Contribution Method. Briefly describe how any membership fee/contribution may be made (e.g., cash, promissory note, property, patronage refunds, labor, services).

- VA-Ag § 13.1-322(G): Voting stock may be issued only for money, notes, or in payment of patronage refunds at par.

12.8. Contribution Valuation. Briefly describe any contribution valuation provisions.

- VA-Ag § 13.1-322(G): Voting stock may be issued only for money, notes, or in payment of patronage refunds at par.

12.9. Previous Contribution Revaluations. Briefly describe any provisions requiring the restatement of the value of other members' previous contributions.

- VA-Ag: NA.

12.10. Contribution Agreements. Briefly describe any provisions regarding contribution agreements.

- VA-Ag § 13.1-319(e): Bylaws may provide rules for cooperative's management, the making of contracts, the issuance of stock.

12.11. Membership Payment. Briefly describe any provision that addresses whether membership must be fully paid before stock is issued to a member.

- VA-Ag § 13.1-322: Stock certificate will not be issued until paid for, but promissory notes may be accepted as full or partial payment.

12.12. Security for Payment. Briefly describe any provision that addresses a cooperative's authority to hold membership stock as security for payment on a promissory note.

- VA-Ag § 13.1-322: Stock will be held as security for the payment of the promissory note given to pay for membership; but such retention as security shall not affect the member's right to vote and hold office.

12.13. Share Number. Briefly describe any provisions addressing the number of membership shares authorized.

- VA-Ag § 13.1-321(b): Articles may limit amount of voting stock member owns.

12.14. Par Value. Briefly describe any provisions addressing par value.

- VA-Ag §§ 13.1-619, 13.1-322: Articles may set forth par value for authorized shares or classes or series of shares; voting stock may be issued only for money or notes or in payment of patronage refunds at par.

12.15. Stock Certificates. Briefly describe any provisions addressing stock certificates.

- VA-Ag § 13.1-322(a), (c): Certificates representing shares signed by the president, vice-president, treasurer, or assistant treasurer and the secretary or assistant secretary, or by signature facsimiles; may have cooperative seal of the association or facsimile; restriction on transfer of stock to ineligible individuals must be printed on stock certificate and in bylaws.

12.16. Stock Limitations. Briefly address any provisions on limitations on the amount of stock any one member may own.

- VA-Ag § 13.1-321(b): Articles may limit amount of voting stock member owns.

12.17. Distribution Rights. Briefly describe any provisions addressing distribution rights.

- VA-Ag § 13.1-322(D), (E): Board may declare dividends on stock except when payment contrary to article restrictions; distribution of patronage refunds may be restricted to members or be made at the same or a different rate for members and nonmembers.

12.18. Transfer Limitations. Briefly describe any limitations on the transfer of member stock.

- VA-Ag § 13.1-322(B), (C): Nonstock membership certificates may not be transferred without board consent; voting stock not be transferable to membership-ineligible persons, such restrictions must be in the bylaws and printed on every stock certificate.

12.19. Voting on Stock. Briefly describe member voting when changes are proposed that affect capital stock.

- VA-Ag § 13.1-319: Bylaws may be adopted, amended or revised by 2/3 members vote at any regular or special meeting or by the written assent of two-thirds of the members voting thereon by mail ballot.

12.20. Miscellaneous. Please describe any other provisions that address membership stock.

- VA-Ag § 13.1-322(A), (K): Fractional shares may be issued by capital stock associations; stock may be registered in 2 or more persons' names.

12.21. Preferred Stock. Briefly describe any provision authorizing preferred stock.

- VA-Ag § 13.1-322(G): Cooperative may issue nonvoting stock to members and nonmembers; redemption terms provided in articles or bylaws and printed on stock certificates. Payment for nonvoting stock may be made in cash, services or property.

12.22. Preferred Share Number. Briefly describe any provisions authorizing any certain number of preferred shares.

- VA-Ag: NA.

12.23. Preferred Stock Par Value. Briefly describe any provision addressing preferred stock par value.

- VA-Ag § 13.1-619: Articles may set forth par value for authorized shares or classes or series of shares.

12.24. Preferred Stock Certificates. Briefly describe any provisions regarding preferred stock certificates.

- VA-Ag § 13.1-322(A), (G), (I): Transfer, redemption and retirement terms must be printed on the stock certificates; certificate signed by the president, vice-president, treasurer, or assistant treasurer and the secretary or assistant secretary, or by signature facsimiles; may have cooperative seal of the association or facsimile.

12.25. Preferred Stock Distributions. Briefly describe any provisions regarding preferred stock distribution rights.

- VA-Ag § 13.1-638: Articles may authorize one or more classes of shares that entitle holders to distributions.

12.26. Preferred Stock Payments. Briefly describe any provisions addressing the use by the cooperative of preferred stock as payment.

- VA-Ag § 13.1-338: Cooperative may use preferred capital stock to purchase stock or property; capital stock par value considered to equal fair market value of purchased property interest as determined by board; payment with stock considered equivalent to payment in cash.

12.27. Holding Restrictions. Briefly describe any restrictions on a person's preferred stock holdings.

- VA-Ag: NA.

12.28. Stock Transfer. Briefly describe any restrictions on the transfer of preferred stock.

- VA-Ag § 13.1-322(G), (I): Nonvoting stock may be transferred, redeemed, or retired on such terms and conditions as may be provided in the articles of incorporation or bylaws and printed on the stock.

12.29. Preferred Stockholder Voting. Briefly describe any provisions addressing a preferred stockholder's authority to vote including whether the stockholder can vote when a proposed amendment to the articles or bylaws affects the rights or value of the preferred stock.

- VA-Ag § 13.1-319: Members permitted to vote; bylaws may provide for relative rights, interests, and preferences of members and stockholders.

12.30. Miscellaneous. Briefly describe any other provision on preferred stock.

- VA-Ag: NA.

12.31. Retained Patronage Refunds. Briefly describe any provisions on retained patronage refunds.

- VA-Ag § 13.1-322(E): Patronage refunds are made after dividends and additions to reserves; cooperative books determine interests of members and patrons; distribution to eligible nonmember may be credited to an account until the amount equals a membership certificate or voting stock.

12.32. Per-Unit Retains. Briefly describe any provisions on per-unit capital retains.

- VA-Ag § 13.1-322(I): Cooperative may issue to patrons certificate or other evidence of equity in any fund, capital investment or other assets of the association.

12.33. Periodic Contributions. Briefly describe any provisions on periodic contributions.

- VA-Ag: NA.

12.34. Equity Payments. Briefly describe any provisions on the payment of a patronage refund in equity.

- VA-Ag § 13.1-322(E): Patronage distribution to eligible nonmember may be credited to an account until the amount equals a membership certificate or voting stock.

12.35. Membership Payments. Briefly describe any provisions on the application of a patronage refund toward membership.

- VA-Ag § 13.1-322(E): Patronage distribution to eligible nonmember may be credited to an account until the amount equals a membership certificate or voting stock.

12.36. Common Stock Interest/Dividend. Briefly describe any limit on the amount of interest or dividends that may be paid on common or membership stock.

- VA-Ag 13.1-329(a): Marketing contracts may provide that payments are made after dividends or interest are made on common stock limited to 8%.

12.37. Preferred Stock Interest/Dividends. Briefly describe any provisions on limitations on dividends or interest paid on preferred stock.

- VA-Ag 13.1-329(a): Marketing contracts may provide that payments are made after dividends or interest are made on preferred stock limited to 8%.

12.38. Cooperative Reserves. Briefly describe any provisions addressing the requirement for cooperative reserves.

- VA-Ag § 13.1-320(b)(4): Cooperative has authority to establish/accumulate reserves, surplus to capital, and other funds authorized by articles or bylaws.

12.39. Reserve Funding. Briefly describe any provision addressing the source of funds for the reserve (e.g. net margins or net savings before payment of patronage refunds).

- VA-Ag § 13.1-322(E): Reserves funded from receipts prior to distribution of net savings as patronage refunds.

12.40. Funding Amount. Briefly describe any provision addressing the amount of funding for reserves.

- VA-Ag § 13.1-320(b)(4): Cooperative has authority to establish/accumulate reserves, surplus to capital, and other funds as authorized by articles or bylaws.

12.41. Reserve Investment Restrictions. Briefly describe any investment restrictions with respect to reserves.

- VA-Ag: NA.

12.42. Cooperative Investments. Briefly describe any provision requiring/allowing investment in a specific fund (e.g., educational fund, a fund to retire debt, a contingency fund, a bad debt fund, a losses fund).

- VA-Ag: NA.

12.43. Indivisible Reserves. Briefly describe any provisions regarding indivisible reserves.

- VA-Ag: NA.

12.44. Miscellaneous. Briefly describe any provisions on reserves not addressed by the prior questions.

- VA-Ag: NA.

12.45. Cooperative Ownership. Briefly describe provisions that address cooperative ownership of other cooperatives.

- VA-Ag § 13.1-320(B)(5): Cooperative can own stock in/be a member of other associations engaged in related activities.

12.46. Corporate Ownership. Briefly describe any provisions that address cooperative ownership of other corporations.

- VA-Ag §§ 13.1-320(B)(5), 13.1-338: Cooperative can own stock in or bonds of other associations/corporations engaged in related activities; cooperative may use preferred stock to purchase stock or property; stock par value considered to equal fair market value of purchased property interest as determined by board; payment with stock considered equivalent to payment in cash.

12.47. Bank Ownership. Briefly describe cooperative ownership of cooperative banks. Please provide the applicable provision section(s).

- VA-Ag: NA.

12.48. Other Entities. Briefly describe cooperative ownership of any other entities.

- VA-Ag § 13.1-320(B)(6): Cooperative may own warehousing corporations; warehouse receipts issued by cooperative are collateral equal to current value of the commodity they represent.

12.49. Revolving Fund. Briefly describe any provisions addressing a revolving fund.

- VA-Ag § 13.1-322(H): Cooperative may have plan for rotating ownership to be set forth in articles or bylaws; cooperative may purchase its stock at the lower of book or par value except when debts exceed 50% of assets; board's determination of book value incontestable except for fraud.

12.50. Member Advances. Briefly describe provisions addressing advances to members.

- VA-Ag § 13.1-320(B)(3): Cooperative may make loans or advances to members, producer-patrons or to members of cooperative subsidiaries.

12.51. Stock Repurchase. Briefly describe any provisions addressing a cooperative's repurchase of stock including any limitations.

- VA-Ag § 13.1-322(G), (H): Nonvoting stock may be redeemed or retired in accordance with provisions in articles or bylaws and printed on the stock certificates; cooperative may purchase its voting stock at the lower of book or par value except when debts exceed 50% of assets; board's determination of book value incontestable except for fraud.

12.52. Shareholder Stock Purchase. Briefly describe any provision involving shareholder preemptive rights to purchase stock when a cooperative is repurchasing stock.

- VA-Ag: NA.

12.53. Miscellaneous. Describe any provision on cooperative capitalization not described previously.

- VA-Ag: NA.

13. Cooperative Merger, Consolidation, and Subsidiary Formation

13.1. Mergers and Consolidations. Briefly describe any provisions that address mergers and consolidations.

- VA-Ag § 13.1-339: Two-thirds of members may vote for merger or consolidation at regular or special meeting; general corporate law applies to the extent not inconsistent with this article; Dissenting shareholders receive the "fair cash value" of stock or membership, meaning the amount the member would receive if assets were distributed upon dissolution.

13.2. Procedures. Briefly describe any provisions addressing procedures for mergers and/or consolidations.

- VA-Ag §§ 13.1-718, 13.1-720, 13.1-895: Generally board adopts plan of merger, shareholders approve, articles of merger are signed by each merger party and filed with Corporation Commission.

13.3. Plan Contents. Briefly describe any provisions addressing the contents of the merger or consolidation plan.

- VA-Ag §§ 13.1-716, 13.1-894: Plan must include old and new names, terms of proposed merger, proposed effects on stockholders, new articles.

13.4. Member Approval. Briefly describe any provisions that address member approval of the plan of merger/consolidation (e.g., whether the plan must be approved by a supermajority, etc.).

- VA-Ag § 13.1-339: Two-thirds of members may vote for merger or consolidation at regular or special meeting.

13.5. Abandonment. Briefly describe any provisions that address the abandonment of the merger/consolidation.

- VA-Ag §§ 13.1-721.1, 13.1-897.1: Generally merger plan may be abandoned without action by shareholders (if plan allows) or as determined by board; if merger articles have been filed, notice of abandonment must be provided to Corporation Commission before merger effective date.

13.6. Articles of Merger/Consolidation. Briefly describe any provisions addressing the contents of the articles of merger or consolidation.

- VA-Ag §§ 13.1-720, 13.1-896: Merger articles generally set forth merger plan, merger party names, state of any foreign party, new articles of incorporation, adoption date by each party, shareholder or director approval statement, statement that foreign party's participation was authorized under its law.

13.7. Filing Requirements. Briefly describe any statutory requirements that the articles of merger or consolidation be filed.

- VA-Ag §§ 13.1-720, 13.1-896: Articles signed and filed with Corporation Commission and fees paid.

13.8. Merger/Consolidation Results. Briefly describe any provisions that address the result of the merger or consolidation.

- VA-Gen §§ 13.1-721, 13.1-897: Separate existence of merged entities ceases and new entity survives; rights and liabilities vested in survivor; articles amended according to merger plan become effective.

13.9. Dissenting Members. Briefly describe any provisions addressing the rights of any dissenting members.

- VA-Ag § 13.1-339: Dissenting shareholders receive the "fair cash value" of stock or membership, meaning the amount the member would receive if assets were distributed upon dissolution.

13.10. Subsidiary Formation. Briefly describe any provisions that address subsidiary formation.

- VA-Ag §§ 13.1-320(B)(5), 13.1-338: Cooperatives can own or hold membership in other associations and corporations with like purposes; cooperative can exchange its preferred stock for interest in stock or other property of another association.

13.11. Miscellaneous. Please describe any provisions addressing mergers, consolidations, or subsidiary formation that were not addressed by the prior questions.

- VA-Ag: NA.

14. Cooperative Dissolution

14.1. Asset Disposition. Briefly describe any provisions that authorize the disposition of cooperative assets.

- VA-Ag §§ 13.1-320, 13.1-340: Cooperative has power to dispose of assets; disposition of assets in the ordinary course of business authorized by board; member consent not required.

14.2. Asset Disposition Approval. Briefly describe any provisions addressing member approval of the disposition of assets.

- VA-Ag §§ 13.1-332(a)(1), 13.1-340: Two-thirds of members can vote to dissolve and appoint committee to liquidate assets; when not in the ordinary course of business, board must adopt resolution recommending disposition and provide appropriate notice; two-thirds of members must approve.

14.3. Plan Abandonment. Briefly describe any provisions allowing directors to abandon a plan to dispose of all assets.

- VA-Ag § 13.1-340: Board may abandon disposition without further member action.

14.4. Dissolution. Briefly describe any provision that addresses the authority of a cooperative to voluntarily wind up and dissolve.

- VA-Ag § 13.1-320(B)(15): Cooperative may dissolve and wind up.

14.5. Involuntary Dissolution. Briefly describe any provision that addresses an involuntary cooperative dissolution.

- VA-Ag: NA.

14.6. Dissolution Initiation. Briefly describe any provision that addresses initiation of the dissolution.

- VA-Ag § 13.1-332: Thirty days' notice of time, place, and object of meeting initiates member vote on dissolution at regular or special meeting.

14.7. Cooperative Dissolution Approval. Briefly describe any provision that addresses member approval of the cooperative dissolution.

- VA-Ag § 13.1-332: Two-thirds of members must approve dissolution at a meeting or in writing.

14.8. Dissolution Procedures. Briefly address any provision that gives procedures for the dissolution.

- VA-Ag §§ 13.1-332: Dissolution approved by 2/3 vote; trustees appointed to liquidate assets, pay debts, and divide surplus under contracts and articles/bylaws; report with trustee, director and officer names and residences filed with Virginia Business Commission; Commission issues certificate of dissolution.

14.9. Asset Distribution. Briefly address any provision that describes the distribution of assets including the priority of their distribution.

- VA-Ag §§ 13.1-332: Trustees pay debts then divide surplus among members in accordance with their respective rights under their contracts and the articles/bylaws.

14.10. Consideration for Assets. Briefly describe any provision that addresses the consideration to be given for the assets.

- VA-Ag: NA.

14.11. Surplus Apportionment. Briefly address any provision that describes how the surplus remaining after satisfaction of the cooperative's obligations is apportioned.

- VA-Ag §§ 13.1-332: Surplus divided among members in accordance with their respective rights under their contracts and the articles/bylaws.

14.12. Indivisible Reserve Distribution. Briefly describe how any indivisible reserves are distributed.

- VA-Ag: NA.

14.13. Miscellaneous. Please describe any other provision on cooperative dissolution not addressed in the prior questions.

- VA-Ag: NA.

15. Relationship of Cooperative to Other State Laws

15.1. Conflicts. Briefly describe any provisions that address any conflicts with general corporate law.

- VA-Ag § 13.1-343: General corporate law applies unless conflict

15.2. Other Laws. Briefly describe any relationship with other state cooperative laws (e.g. describe whether they are incorporated by reference).

- VA-Ag: NA.

15.3. State Securities Law. Briefly describe any provisions that address the application of securities law (including any exemption) with respect to cooperative shares.

- VA-Ag: NA.

15.4. State Antitrust Law. Briefly describe the application of state antitrust law to cooperatives.

- VA-Ag § 59.1-9.4(a)(2), 13.1-343: Under VA Antitrust Act, activities of agricultural/horticultural cooperatives and their members are not illegal; Cooperative not a conspiracy, combination in restraint of trade, illegal monopoly; may not be deemed to have been formed to lessen competition or to fix prices; agreements and contacts among members may not be deemed to be a conspiracy to accomplish illegal act; cooperatives may disseminate information on crops directly or through agents or other associations; cooperatives may advise members on adjusting agricultural commodity volumes.

15.5. Miscellaneous. Briefly describe any other provision that addresses the relationship of the cooperative statute to other state law.

- VA-Ag: NA.

15.6. State Tax Contact. Who is the official contact for cooperatives with respect to state taxation.

- VA-Ag § 58.1-305: Commissioner of the Revenue, Virginia Department of Taxation, P. O. Box 1115, Richmond, VA 23218-1115, call 804-367-8031, www.tax.virginia.gov .

15.7. Tax Treatment. Briefly describe the income tax treatment of cooperatives in general (e.g., state whether they are generally taxed like corporations; whether they receive a deduction for patronage distributions and per-unit retains; and whether any provisions address the treatment of nonqualified allocations).

- VA-Ag §§ 13.1-341, 58.1-402. Generally taxed like C Corporations, but with the same deduction for patronage dividends as allowed by the IRS.

15.8. Franchise Tax. Briefly describe any provisions that address the application of (and any exemption from) franchise taxes to cooperatives.

- VA-Ag § 13.1-341: Cooperative pays \$10 license fee to store or market agricultural products, in lieu of all other corporation, franchise and income taxes, taxes on capital, taxes and charges upon reserves held by the association, and all state and local license taxes on that part of its business which is exclusively the storing/marketing of agricultural products.

15.9. Sales Tax. Briefly describe the application of any sales taxes to cooperatives (and any exemption from sales taxes).

- VA-Ag § 58.1-603: Sales tax imposed; no exemption because of cooperative status

15.10. Other Taxes and Exemptions. Please list any other applicable taxes and exemptions.

- VA-Ag § 58.1-604: Use tax of 4.3% on cost of tangible personal property used in Virginia.

15.11. Escheat Laws. Briefly describe the application of escheat rules to cooperatives.

- VA-Ag §§ 13.1-322(J), 55-210.2:1, 55-210.2:2: If bylaws or membership agreement provides, equity held by cooperative for three consecutive years for a person without a current address on file forfeits the equity to the cooperative so long as cooperative has provided conspicuous notice; if no provision in bylaws or membership agreement, general escheat rules apply and unclaimed property reverts to the state after 5 years.

15.12. Domestic Production Credit. Please describe whether the state allows cooperatives to deduct the domestic production credit allowable under Internal Revenue Code Section 199.

- VA-Gen § 58.1-301. For tax years beginning 1/1/13, entire domestic production activities deduction allowed; 2/3 deductible for earlier years.

15.13. Fees. Briefly describe whether the cooperative is required to pay any fees in lieu of income or other taxes.

- VA-Ag § 13.1-341: Cooperative pays \$10 license fee for its business of storing or marketing agricultural products, in lieu of all other corporation, franchise, license, income taxes, and taxes on capital and reserves.

15.14. Unclaimed Property. Briefly describe any rules regarding unclaimed property that apply to cooperatives.

- VA-Ag §§ 13.1-322(J), 55-210.2:1, 55-210.2:2: If bylaws or membership agreement provides, equity held by cooperative for three consecutive years for a person without a current address on file forfeits the equity to the cooperative so long as cooperative has provided conspicuous notice; if no provision in bylaws or membership agreement, general escheat rules apply and unclaimed property reverts to the state after 5 years.

15.15. Other Tax Provisions. Please describe any other tax provisions of particular interest to cooperatives.

- VA-Ag § 13.1-341: Designation as nonprofit shall not be construed as exemption from state and local license, income, or property tax.

15.16. Benefit Corporations. Briefly describe whether the state has benefit corporation legislation.

- VA-Ag § 13.1-787: Article 22 of the stock corporation code provides for benefit corporations, which may exist in Virginia to provide a general and, if elected, specific public benefit.

15.17. Service Corporations. Briefly describe whether the state has service corporation legislation.

- VA-Ag: NA.

15.18. L3C Statute. Briefly describe whether the state has any L3C legislation.

- VA-Ag: NA.

15.19. Other Beneficial Entities. Please describe any other "beneficial" entities existing under the state's law.

- VA-Ag: NA.

15.20. Other Important Laws. Describe any other important aspect of the state's law that applies to cooperatives that has not been addressed in any previous section.

- VA-Ag: NA.