

## **Virginia Cooperative Associations Generally**

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. Cooperative Statute: Policy, Purposes, Powers

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

- VA-Ag: Agricultural Cooperative Associations.

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

- VA-Ag: 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 Law. Briefly describe whether general corporate law or general limited liability company law applies to cooperatives organized under the statute.

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

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

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

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

- VA-Ag: N/A.

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

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

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

- VA-Ag 13.1-313(c): Association defined as operating under this act as agricultural cooperative corporation.

**1.8. Cooperative Operational Description.** Briefly describe any 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; confines operations to purposes authorized by act; restricts return on stock or membership capital and amount of business with nonmembers.

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

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

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

- VA-Ag § 13.1-315: 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 by-products; cooperative can engage in manufacturing, processing, storing, transporting, delivering, handling, buying for or furnishing supplies to its members and other patrons, performing or furnishing business or educational or other services, including the services of buildings, machinery and equipment, on a cooperative basis; and can finance member activities.

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

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

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

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

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

- VA-Ag § 13.1-320(B): 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. Briefly describe any provision that permits activities between or among two or more cooperatives.

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

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

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

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

- VA-Ag § 13.1-315: Cooperative limited to agricultural businesses.

1.17. Emergency Powers. State briefly any emergency powers.

- VA-Ag: N/A.

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

- VA-Ag: N/A.

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

- VA-Ag: N/A.

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

- VA-Ag: N/A.

## **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-Gen §§ 13.1-301, 13.1-306, 13.1-311. Housing, agricultural, fishing, dairy, mercantile, merchandise, marketing, brokerage, water, sewer, manufacturing, service, mechanical, financing, producer.

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

- VA-Gen §13.1-301. Five.

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-Gen: NA.

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-Gen: NA.

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

- VA-Gen §§ 13.1-604, 13.1-804. Mail proper VA form and articles to 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-Gen §§ 13.1-816, 13.1-615.1. Nonstock cooperative: \$25 filing fee plus \$50 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-Gen §§ 13.1-621, 13.1-820. When certificate of incorporation is issued.

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

- VA-Gen § 13.1-301. Yes.

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

- VA-Gen §§ 13.1-630, 13.1-829. Generally cooperative name must be distinguishable and exclude certain language.

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

- VA-Gen §§ 13.1-301 et seq., 13.1-312 et seq., 56-231.15 et seq., 56-485 et seq. Must be a general, agricultural, utility, or telephone cooperative.

2.11. Nonstock Cooperatives. Are nonstock cooperatives permitted?

- VA-Gen § 13.1-301. Yes.

2.12. Stock Cooperatives. Are stock cooperatives permitted?

- VA-Gen § 13.1-301. 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-Gen: NA.

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

- VA-Gen § 13.1-301. No.

2.15. Annual Report. Is an annual report required?

- VA-Gen § 13.1-775. Yes.

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

- VA-Gen §§ 13.1-936, 13.1-775. Generally, must include name; addresses of principal office, Virginia office, directors and officers; and if stock cooperative, aggregate number of shares by class; report due each year on last day of month cooperative was authorized to do business in Virginia.

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

- VA-Gen §§ 13.1-775, 13.1-775.1(C), 13.1-936(C), 13.1-936.1(C). No consequences for failure to file; \$10 fine for late registration fees by nonstock corporations; 10 percent of the annual registration fee, or \$10 fine, whichever is greater, for stock corporations.

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

- VA-Gen: NA.

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

- VA-Gen §§ 13.1-309.1, 13.1-759. Foreign corporations qualified under VA domestic cooperative law may do business by filing with the VA State Corporation Commission.

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

- VA-Gen: NA.

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

- VA-Gen: 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-Gen: NA.

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

- VA-Gen §§ 13.1-619(A)(1), 13.1-819(A)(1): Yes under general corporate law.

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

- VA-Gen §§ 13.1-619(B)(3)(a), 13.1-819(B)(2)(a): Cooperative's purpose(s) may be set forth in the articles.

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

- VA-Gen §§ 13.1-619(A)(4), 13.1-819(A)(5): Yes, address of initial registered office required including any post office address with street and number and the city or county.

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

- VA-Gen §§ 13.1-627(A), 13.1-826(A): Perpetual duration assumed unless articles indicate otherwise.

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-Gen: NA.

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

- VA-Gen §§ 13.1-619(B)(1), 13.1-819(B)(1): Articles may set forth 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-Gen §§ 13.1-619(B)(1), 13.1-671.1(A)(3), 13.1-671.1(B)(1)(a), 13.1-819(B)(2)(c), 13.1-852.1(A)(2), 13.1-852.1(B)(1)(a): Articles may describe powers of directors and establish term of office.

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

- VA-Gen §§ 13.1-619(A)(4), 13.1-819(A)(5). Yes, must say if agent is Virginia resident who is a director or a Virginia bar member or is a domestic or foreign corporation authorized to do business in Virginia.

**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-Gen §§ 13.1-619(B)(3)(c), 13.1-819(B)(2)(c): Articles may define, limit, and regulate the powers of the cooperative, its directors, and shareholders.

**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.

- § 13.1-692.1(A)(1), § 13.1-870.1(A)(1): Articles may limit or eliminate liability of directors or officers.

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

- VA-Gen § 13.1-307: Articles may restrict stock ownership or membership to actual members.

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

- VA-Gen § 13.1-837: Articles of nonstock cooperatives must include member class designations, qualifications, and rights unless articles state membership descriptions may go in bylaws.

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

- VA-Gen §§ 13.1-619(B)(3)(b), 13.1-819(A)(3), 13.1-837: Yes.

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

- VA-Gen §§ 13.1-638, 13.1-837, 13.1-846(A): Member right to vote generally required to be described in articles.

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

- VA-Gen § 13.1-837: Yes, permitted.

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

- VA-Gen § 13.1-619: Yes.

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

- VA-Gen § 13.1-619: Yes, required for stock cooperatives.

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

- VA-Gen § 13.1-619: Yes, permitted.

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

- VA-Gen §§ 13.1-619, 13.1-638: Yes, required.

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

- VA-Gen §§ 13.1-301, 13.1-619: All stock must have a par value, par value statement is not required to be in articles.

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

- VA-Gen §§ 13.619(B)(3)(c): Yes, permitted.

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

- VA-Gen §§ 13.1-619(B)(3)(b), 13.1-819(B)(2)(b): Description is permitted.

**3.24. Distributions or Apportionments.** Is a description of distribution or apportionment of dividends, earnings, and losses required or permitted?

- VA-Gen §§ 13.1-306, 13.1-619(B)(3)(b), 13.1-819(B)(2)(b): Permitted in articles and or bylaws.

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

- VA-Gen §§ 13.1-619(B)(3)(b), 13.1-819(B)(2)(b): Yes, permitted.

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

- VA-Gen § 13.1-638(B)(2), 13.1-819(B)(2)(b): stock cooperative articles must describe the class of stock that receives net assets on distribution; nonstock articles may describe asset distributions on liquidation.

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

- VA-Gen: NA.

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

- VA-Gen §§ 13.1-707, 13.1-886: Generally, board adopts proposed amendment, submits for member approval; board can make some amendments without shareholders.

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

- VA-Gen §§ 13.1-301.1, 13.1-707(C), 13.1-886(C): Notice delivered to each member or mailed to last known address at least ten days prior to meeting to vote on proposed amendment; voting and nonvoting shareholders must be notified; notice must include proposed amendment.

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

- VA-Gen § 13.1-301.1: At any regular or special meeting.

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

- VA-Gen § 13.1-301.1: Approval by 2/3 of members voting on amendment at any regular or special meeting; amendment affecting nonvoting stock requires written consent of 2/3 of nonvoting stock holders.

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-Gen § 13.1-301.1: 2/3 supermajority.

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

- VA-Gen §§ 13.1-708, 13.1-887: share classes (for stock cooperatives) or class members (for nonstock cooperatives) may vote as separate groups on specified amendments.

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

- VA-Gen §§ 13.1-706, 13.1-885: Stock cooperative boards may amend articles with respect to certain permitted issues; 2/3 of nonstock cooperative board may adopt amendment if no members have voting rights.

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

- VA-Gen § 13.1-301.1: State Corporation Commission issues and records amendment certificate when cooperative has delivered filing fee and signed, acknowledged triplicate original articles of amendment.

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

- VA-Gen: NA.

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

- VA-Gen §§ 13.1-709, 13.1-887.1: Board or incorporators may amend articles before a cooperative has completed organization and/or issued shares.

## 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-Gen § 13.1-301: housing, agricultural, fishing, dairy, mercantile, merchandise, brokerage, water, sewer, manufacturing, service, mechanical business, cooperative financing organizations.

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

- VA-Gen: NA.

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

- VA-Gen: NA.

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

- VA-Gen: NA.

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

- VA-Gen: NA.

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

- VA-Gen: NA.

## 5. Cooperative Bylaws

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

- VA-Gen § 13.1-301.2: Board or association members required to adopt bylaw before commencing business.

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

- VA-Gen § 13.1-301.2: Bylaws required before commencing 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-Gen § 13.1-301.2: Adopted by majority of board, 2/3 of members voting at regular/special meeting, or 2/3 of ballots mailed by members.

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

- VA-Gen § 13.1-301.2: Directors or members.

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

- VA-Gen §§ 13.1-770(E)(2), 13.1-771(A), 13.1-932(E)(2), 13.1-933(A): Cooperative must keep records including bylaws; with 5 days' notice, shareholders are entitled to copy and inspect bylaws and records at corporation's principal office.

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

- VA-Gen § 13.1-301.2: Bylaws may describe meetings, voting, director and officer duties, and other issues consistent with law and articles.

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

- VA-Gen § 13.1-301.2: Bylaws must be consistent with law, articles; may address issues regarding meetings, quorums, voting, directors, officers, contracts, stock, members, shareholders, bylaw violations.

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

- VA-Gen § 13.1-301.2(e), § 13.1-837: Bylaws may address relative rights, interests, preferences of members or stockholders.

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

- VA-Gen § 13.1-301.2(e): Bylaws may address member rights.

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

- VA-Gen: NA.

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

- VA-Gen § 13.1-301.2(e): May address mode, manner, effect of member's expulsion.

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

- VA-Gen § 13.1-301.2(e): May address effect of member's expulsion.

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

- VA-Gen § 13.1-301.2(a): May describe time, place, manner of calling and conducting member meetings and quorum requirements.

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

- VA-Gen § 13.1-301.2: May describe meeting requirements.

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

- VA-Gen § 13.1-301.2: May describe meeting requirements.

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

- VA-Gen: NA.

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

- VA-Gen § 13.1-301.2(a): May describe 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-Gen §§ 13.1-301.2(b), § 13.1-663, 13.1-847: May describe mailing and proxy requirements; may permit electronic proxy appointment.

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

- VA-Gen §§ 13.1-301.2, 13.1-660.2, 13.1-844.2: Bylaws may provide for the conduct of meetings; members may participate in meetings via remote communication.

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

- VA-Gen § 13.1-301.2: Bylaws may provide for director elections and election districts.

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

- VA-Gen § 13.1-301.2(c): May provide for director qualifications.

5.22. Special Interest Directors. Briefly describe permitted or 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-Gen: NA.

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

- VA-Gen § 13.1-301.2(c): May provide for director duties.

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

- VA-Gen § 13.1-301.2(c): May provide for director term of office.

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

- VA-Gen § 13.1-301.2(d): May provide for director quorum.

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

- VA-Gen § 13.1-301.2(d): May provide for executive committees.

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

- VA-Gen § 13.1-301.2(c): May provide for officer qualifications and or duties.

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

- VA-Gen: NA.

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

- VA-Gen 13.1-301.2(e): Bylaws may provide for the making of contracts.

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

- VA-Gen § 13.1-306: Bylaws may prescribe rules by which the stockholders, employees, or cooperating non-stockholders may participate in earnings.

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

- VA-Gen §§ 13.1-301.2(e), 13.1-306: Bylaws may provide for association's management; cooperative required to set aside (after capital stock dividends paid) at least 10% per year of remaining net earnings until reserve equals 30% of paid-up capital stock, then 5% for a cooperative education fund.

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

- VA-Gen §§ 13.1-301.2, 13.1-302: Bylaws may provide for association's management; cooperative shareholders may not own stock with par value greater than \$1,000.

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

- VA-Gen § 13.1-307: Bylaws may provide (1) that nonmembers may not be issued or own membership or stock; or (2) nonmembers may own membership or stock, but may not vote.

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

- VA-Gen § 13.1-306: Bylaws may prescribe rules by which stockholders participate in earnings; generally, annual net earnings first used to pay capital stock dividends of 8% or less.

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

- VA-Gen § 13.1-301.2(e): Bylaws may provide rules regarding member rights and members expulsions

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

- VA-Gen § 13.1-301.2(e): Bylaws may provide rules regarding member rights.

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

- VA-Gen § 13.1-301.2(e): Bylaws may provide rules regarding member rights.

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

- VA-Gen § 13.1-301.2: Generally, bylaws may be amended by board majority vote, by vote of 2/3 of members, or by written assent of 2/3 the members voting by mail ballot.

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

- VA-Gen § 13.1-301.2: Bylaws may provide penalties for bylaw violations.

5.40. **Miscellaneous.** Describe any other mandated or permitted bylaw terms.

- VA-Gen: NA.

## **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-Gen § 13.1-301: Any persons may associate as a cooperative.

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

- VA-Gen § 13.1-301: Any persons may associate as a cooperative to conduct agricultural or dairy business.

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

- VA-Gen: NA.

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

- VA-Gen: NA.

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

- VA-Gen: 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-Gen: NA.

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

- VA-Gen: NA.

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

- VA-Gen § 13.1-306: 5% of net earnings remaining after dividend and reserve payments go to a cooperative education fund.

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

- VA-Gen: NA.

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

- VA-Gen: NA.

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

- VA-Gen: NA.

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

- VA-Gen § 13.1-307: Bylaws may provide (1) nonmembers may not own cooperative membership or shares, or (2) nonmembers with shares or membership may not vote.

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

- VA-Gen: NA.

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

- VA-Gen: NA.

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

- VA-Gen: NA.

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-Gen: NA.

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

- VA-Gen § 13.1-301.2: Bylaws may address member rights, interests, and preferences.

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

- VA-Gen § 13.1-307: Bylaws may provide (1) nonmembers may not own cooperative membership or shares, or (2) nonmembers with shares or membership may not vote.

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

- VA-Gen 13.1-302: Cooperative stockholder is entitled to one vote.

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

- VA-Gen: NA.

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

- VA-Gen § 13.1-301.2(c): Bylaws may provide for director elections.

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

- VA-Gen: NA.

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

- VA-Gen § 13.1-306: Bylaws provide rules on receiving patronage dividends; generally after funds have gone to reserves, uniform dividends are made.

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

- VA-Gen: NA.

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

- VA-Gen § 13.1-306: Bylaws provide rules on receiving patronage dividends; generally after funds have gone to reserves, ½ uniform dividends go to "cooperating non-stockholders."

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

- VA-Gen: NA.

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

- VA-Gen: NA.

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

- VA-Gen § 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-Gen: NA.

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

- VA-Gen §§ 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-Gen 13.1-301.2: Bylaws may provide rules for rights of members including member expulsion.

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

- VA-Gen 13.1-301.2: Bylaws may provide rules for rights of members including member expulsion.

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

- VA-Gen 13.1-301.2: Bylaws may provide rules for rights of members including member expulsion.

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

- VA-Gen 13.1-301.2: Bylaws may provide rules for rights of members including member expulsion.

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

- VA-Gen: NA.

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

- VA-Gen: NA.

## **7. Cooperative Association Control and Voting**

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

- VA-Gen: 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-Gen: § 13.1-302: Shareholders have only one vote; ownership of shares with par value greater than \$1,000 generally not permitted.

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

- VA-Gen: NA.

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

- VA-Gen: NA.

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

- VA-Gen: §13.1-302: Shareholders have only one vote.

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

- VA-Gen: §13.1-301.2: Bylaws may provide rules on relative rights, interests, and preferences of members.

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

- VA-Gen: 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-Gen: NA.

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

- VA-Gen: NA.

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

- VA-Gen: NA.

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

- VA-Gen § 13.1-301.2(b): Bylaws may provide for proxy voting.

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

- VA-Gen § 13.1-301.2(b): Bylaws may provide for voting by mail.

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

- VA-Gen §§ 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-Gen § 13.1-305: Subscribers may vote if part of stock has been paid in cash.

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-Gen § 13.1-305: Subscribers may vote if part of stock has been paid in cash.

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

- VA-Gen § 13.1-301.2(b): Bylaws may provide for manner of voting.

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

- VA-Gen § 13.1-301.2(e): Bylaws may provide for election districts.

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

- VA-Gen: NA.

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

- VA-Gen §§13.1-654, 13.1-838: Generally corporations required to hold annual meetings.

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

- VA-Gen §§13.1-675(D), 13.1-855(D): Generally directors elected at first meeting.

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

- VA-Gen §13.1-301.2: Bylaws may provide for special meetings.

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

- VA-Gen: NA.

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

- VA-Gen §13.1-301.2(d): Bylaws may provide for the manner for calling meetings.

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

- VA-Gen § 13.1-658(F): Generally for stock cooperatives, notice requirement ends if certain required mailings returned undeliverable; resumes once cooperative receives new address.

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

- VA-Gen §13.1-301.2: Bylaws may provide for 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-Gen §13.1-301.2(a): Bylaws may provide for conditions under which members may vote at general and special meetings.

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

- VA-Gen §13.1-301.2(a): Bylaws may provide the number of members (which may be less than a majority) that shall constitute a quorum.

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

- VA-Gen: NA.

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

- VA-Gen: NA.

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

- VA-Gen: NA.

## 8. Cooperative Directors

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

- VA-Gen §§ 13.1-301, 13.1-675, 13.1-855: At least one director required; number specified in articles or bylaws.

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

- VA-Gen §§ 13.1-301.2(c): Bylaws may provide for director term of office.

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-Gen §§ 13.1-301.2(c): Bylaws may provide for director 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-Gen: NA.

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

- VA-Gen: NA.

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

- VA-Gen: §§ 13.1-301.2(b), 13.1-307: Bylaws may provide conditions upon which members may vote; charter or bylaws may provide nonmember stockowners may not vote.

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

- VA-Gen: § 13.1-301.2(b): Bylaws may provide conditions upon which members may vote.

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

- VA-Gen: § 13.1-301.2(e): Bylaws may provide for the establishment of election districts.

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

- VA-Gen: § 13.1-301.2(b): Bylaws may provide whether members may choose delegates.

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

- VA-Gen: § 13.1-301.2(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-Gen: §§ 13.1-301.2(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-Gen: §§ 13.1-301.2(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 Director Compensation. Briefly describe any other provision addressing director compensation.

- VA-Gen: NA.

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

- VA-Gen § 13.1-301.2(c): Bylaws may provide for director duties.

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

- VA-Gen §§ 13.1-301.2, 13.1-306: Directors (or members) shall adopt and may alter bylaws; directors apportion earnings.

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

- VA-Gen §§ 13.1-301.2: Directors (or members) shall adopt and may alter bylaws; bylaws may provide for executive committee meetings

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

- VA-Gen: NA.

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

- VA-Gen §13.1-301.2(d): Bylaws may provide time, place, manner for calling director meetings.

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

- VA-Gen §13.1-301.2(d): Bylaws may provide quorum requirements for director meetings.

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

- VA-Gen §13.1-301.2: Bylaws may be adopted or revised by majority vote of directors.

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

- VA-Gen §§13.1-301.2, 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-Gen §§ 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-Gen: NA.

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

- VA-Gen §§ 13.1-301.2, 13.1-682, 13.1-862: Shareholders, members, or directors may fill a director vacancy.

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

- VA-Gen §§ 13.1-301.2, 13.1-680, 13.1-860: Members/shareholders may remove director(s) for any reason.

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-Gen §§ 13.1-301.2, 13.1-680, 13.1-860: Only shareholders/members of the voting group that elected director have the authority to remove director; director may only be removed at meeting called specifically in the meeting notice for that purpose; special rules apply if cumulative voting is authorized.

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

- VA-Gen §§ 13.1-301.2, 13.1-682, 13.1-862: Shareholders, members, or directors may fill a director vacancy.

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

- VA-Gen: NA.

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

- VA-Gen: 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-Gen §§ 13.1-301.1(c), 13.1-693, 13.1-872: Bylaws may provide for officer titles and duties; individual may fill more than one office.

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

- VA-Gen §§ 13.1-301.1(c): Bylaws may provide for officer qualifications.

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

- VA-Gen: NA.

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

- VA-Gen: NA.

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

- VA-Gen 13.1-301.2: Bylaws provide for officer selection.

9.6. Compensation. Briefly describe any requirements regarding compensation.

- VA-Gen 13.1-301.2: Bylaws provide for officer compensation.

9.7. Responsibilities. Briefly describe any requirements regarding responsibilities.

- VA-Gen 13.1-301.2: Bylaws provide for officer duties.

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

- VA-Gen §§ 13.1-695, 13.1-874: Directors may remove officer for any reason.

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

- VA-Gen §§ 13.1-695, 13.1-874: Upon officer removal, cooperative may file an amended annual report with the State Commission.

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

- VA-Gen: 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-Gen §§ 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.).

- VA-Gen: 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-Gen §§ 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-Gen § 13.1-301.1: 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-Gen §§ 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-Gen: NA.

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

- VA-Gen § 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-Gen §§ 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-Gen §§ 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-Gen: NA.

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

- VA-Gen §§ 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-Gen: NA.

## 11. Patronage

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

- VA-Gen 13.1-306: Uniform dividends are distributed to stockholders based on business amount, to employees based on wages/salaries, and one-half uniform dividends to cooperating non-stockholders based on business amount.

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

- VA-Gen: NA.

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

- VA-Gen 13.1-306: May do business with cooperating non-stockholders.

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

- VA-Gen: NA.

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

- VA-Gen: NA.

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

- VA-Gen: NA.

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

- VA-Gen 13.1-301.2, 13.1-306: Bylaws may provide for rules for distributing earnings.

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

- VA-Gen § 13.1-306: net earnings apportioned by first paying dividends, funds for a reserve, and funds for cooperative education; remaining funds apportioned by uniform dividends among stockholders, employees and one-half uniform dividend to cooperating non-stockholders.

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

- VA-Gen § 13.1-306: Dividends may not exceed eight percent 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-Gen § 13.1-306: net earnings apportioned by first paying dividends on capital stock.

**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-Gen § 13.1-306: funds for cooperative education deducted in calculating net earnings.

**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-Gen § 13.1-306: Net earnings apportioned by first paying dividends, then setting aside at least ten per cent remaining for reserve fund until the fund equals to thirty per cent of the paid-up capital stock.

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

- VA-Gen § 13.1-306: Apportionment of net earnings does not permit for contribution to unallocated account.

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

- VA-Gen: NA.

**11.15. Miscellaneous Net Margins.** 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-Gen: 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-Gen § 13.1-306: Generally, net earnings apportioned through uniform dividends to shareholders (based on amount of purchases from shareholders or sales to shareholders or on their behalf), and upon employee wages/salaries, and 1/2 of uniform dividend to cooperating non-stockholders

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

- VA-Gen § 13.1-306: Generally cooperating non-stockholders get 1/2 net earnings amount received by stockholders.

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

- VA-Gen: NA.

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

- VA-Gen: NA.

**11.20. Miscellaneous Methods of Apportionment.** Briefly describe any other methods of apportionment.

- VA-Gen § 13.1-306: Dividends paid to nonmember patrons of purchasing cooperatives are based on purchase amounts; dividends paid to nonmember patrons of producer cooperatives are based on amount purchased from patron.

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

- VA-Gen: NA.

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

- VA-Gen: NA.

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

- VA-Gen: NA.

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

- VA-Gen § 13.1-306: Generally cooperating non-stockholders get 1/2 net earnings amount received by stockholders.

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

- VA-Gen: NA.

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

- VA-Gen § 13.1-301.2: Bylaws may provide for the making of contracts.

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

- VA-Gen § 13.1-301.2: Bylaws may provide for the making of contracts.

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

- VA-Gen § 13.1-301.2: Bylaws may provide for the making of contracts.

**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-Gen § 13.1-301.2: Bylaws may provide for the making of contracts.

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

- VA-Gen § 13.1-301.2: Bylaws may provide for the making of contracts.

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

- VA-Gen § 13.1-301.2: Bylaws may provide for the making of contracts.

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

- VA-Gen § 13.1-301.2: Bylaws may provide for the making of contracts.

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

- VA-Gen: NA.

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

- VA-Gen: NA.

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

- VA-Gen: NA.

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

- VA-Gen: NA.

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

- VA-Gen: NA.

11.38. Pooling. Briefly list any requirements regarding pooling.

- VA-Gen: NA.

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

- VA-Gen: NA.

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

- VA-Gen: NA.

## 12. Cooperative Capitalization

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

- VA-Gen § 13.1-301: Cooperative may be nonstock.

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

- VA-Gen: NA.

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

- VA-Gen § 13.1-307: Cooperative may require that a nonmember may not be issued a membership certificate or that nonmember may own a certificate but not be permitted to vote.

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

- VA-Gen: NA.

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

- VA-Gen § 13.1-301: Cooperative may be stock.

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

- VA-Gen § 13.1-301.2: Bylaws may provide for management of association.

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-Gen: NA.

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

- VA-Gen: NA.

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

- VA-Gen: NA.

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

- VA-Gen: NA.

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

- VA-Gen § 13.1-305: Stock not issued to any until fully paid; bylaws may allow subscribers to vote if cash down-payment made.

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-Gen: NA.

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

- VA-Gen: NA.

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

- VA-Gen §§ 13.1-301, 13.1-302: Stock cooperative must issue stock with nominal or par value; common stockholders limited to owning shares with par value no greater than \$1,000.

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

- VA-Gen: NA.

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

- VA-Gen § 13.1-302: Stockholders limited to owning shares with par value no greater than \$1,000.

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

- VA-Gen 13.1-306: Uniform dividends are distributed to stockholders based on business amount, to employees based on wages/salaries, and one-half uniform dividends to cooperating non-stockholders based on business amount.

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

- VA-Gen § 13.1-307: Cooperative may require that a nonmember may not be issued stock or that nonmember may own stock but not be permitted to vote.

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

- VA-Gen § 13.1-301.1: Article amendments affecting rights of nonvoting stock not permitted unless written consent of two-thirds of holders obtained.

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

- VA-Gen: NA.

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

- VA-Gen §§ 13.1-301.1, 13.1-306: Article amendments affecting rights of nonvoting stock not permitted unless written consent of two-thirds of holders obtained; net earnings first paid out as dividends on capital stock not to exceed 8%.

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

- VA-Gen: NA.

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

- VA-Gen § 13.1-301: Stock cooperative must issue stock with nominal or par value.

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

- VA-Gen: NA.

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

- VA-Gen § 13.1-306: Net earnings first paid out as dividends on capital stock not to exceed 8%.

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

- VA-Gen § 13.1-304: Cooperative may pay for business with capital stock.

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

- VA-Gen: NA.

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

- VA-Gen: NA.

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-Gen §§ 13.1-301.1; 13.1-301.2: Article amendments affecting rights of nonvoting stock not permitted unless written consent of two-thirds of holders obtained; bylaws may provide for voting.

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

- VA-Gen: NA.

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

- VA-Gen: NA.

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

- VA-Gen: NA.

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

- VA-Gen: NA.

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

- VA-Gen: NA.

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

- VA-Gen: NA.

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-Gen: NA.

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

- VA-Gen § 13.1-306: Dividends may not exceed eight percent per year.

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

- VA-Gen § 13.1-306: Net earnings apportioned by first paying dividends, funds for a reserve, and funds for cooperative education.

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-Gen § 13.1-306: Net earnings after dividends paid and before payment of patronage.

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

- VA-Gen § 13.1-306: Net earnings apportioned by first paying dividends, then setting aside at least ten per cent remaining for reserve fund until the fund equals thirty per cent of paid-up capital stock.

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

- VA-Gen § 13.1-303: May invest not in excess of 25% of its capital stock or reserve fund in any corporation or cooperative association.

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-Gen § 13.1-306: Net earnings apportioned by first paying dividends, funds for a reserve, and funds for cooperative education.

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

- VA-Gen: NA.

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

- VA-Gen: NA.

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

- VA-Gen § 13.1-303: May invest not in excess of 25% of its capital stock or reserve fund in any cooperative.

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

- VA-Gen § 13.1-303: May invest not in excess of 25% of its capital stock or reserve fund in any corporation.

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

- VA-Gen § 13.1-303: May invest not in excess of 25% of its capital stock or reserve fund in any corporation or cooperative association.

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

- VA-Gen § 13.1-303: May invest not in excess of 25% of its capital stock or reserve fund in any corporation or cooperative association.

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

- VA-Gen: NA.

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

- VA-Gen: NA.

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

- VA-Gen: NA.

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

- VA-Gen: NA.

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

- VA-Gen: NA.

## 13. Cooperative Merger, Consolidation, and Subsidiary Formation

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

- VA-Gen § 13.1-301: Stock and nonstock corporation provisions apply.

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

- VA-Gen §§ 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-Gen §§ 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-Gen § 13.1-718, 13.1-895: Shareholders must get notice of meeting when vote on merger plan will take place; generally, plan must be approved by more than 2/3 of each voting group; articles can provide for a different approval margin not less than a majority so long as quorum exists; statute permits some exceptions to shareholder approval requirement.

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

- VA-Gen §§ 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-Gen §§ 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-Gen §§ 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-Gen §§ 13.1-730: Dissenting shareholders entitled to appraisal rights, fair value of shares.

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

- VA-Gen §§ 13.1-303, 13.1-304: Shareholders at a meeting (where majority of stockholders represented) may vote to invest in association's capital stock not in excess of 25% of cooperative's capital stock; may purchase association by issuing an amount of its capital stock which at par value equals the fair market value of the purchased association.

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

- VA-Gen: NA.

## 14. Cooperative Dissolution

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

- VA-Gen § 13.1-301: Stock and nonstock corporate provisions govern cooperative asset dispositions.

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

- VA-Gen §§ 13.1-723, 13.1-724: Shareholder approval generally not required when disposing assets in the usual course of business; dispositions leaving cooperative without continuing business activity require shareholder approval.

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

- VA-Gen §§ 13.1-723, 13.1-724: Disposition may be abandoned without shareholder action under dissolution resolution or director resolution.

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

- VA-Gen §§ 13.1-11.1, 13.1-742, 13.1-902: Board may recommend dissolution for shareholder approval; generally dissolution must be approved by more than 2/3 of all votes entitled to be cast (articles may provide for different margin not less than majority).

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

- VA-Gen §§ 13.1-11.1, 113.1-747, 13.1-749, 13.1-909: Circuit court may dissolve a corporation and liquidate its assets, generally when board or shareholders are deadlocked, the directors are acting inappropriately, assets are being wasted, or the cooperative is insolvent; court dissolution decree is delivered to Corporation Commission; court directs winding up and liquidation of business

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

- VA-Gen §§ 13.1-11.1, 13.1-742, 13.1-902: Board may recommend dissolution for shareholder approval.

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

- VA-Gen §§ 13.1-11.1, 13.1-742, 13.1-902: Board may recommend dissolution for shareholder approval; generally dissolution must be approved by more than 2/3 of all votes entitled to be cast (articles may provide for different margin not less than majority).

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

- VA-Gen §§ 13.1-11.1, 13.1-742, 13.1-902: Board proposes dissolution; all shareholders notified of dissolution meeting; holders of more than 2/3 of all votes must approve (articles may provide different amount or voting by separate voting groups); cooperative files articles of dissolution with Corporation Commission.

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

- VA-Gen §§ 13.1-11.1, 13.1-745, 13.1-906: Assets distributed to shareholders according to interest.

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

- VA-Gen: 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-Gen: NA.

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

- VA-Gen: NA.

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

- VA-Gen: 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-Gen § 13.1-301: 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-Gen: 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-Gen: NA.

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

- VA. Code Ann. § 59.1-9.4(a)(2): Under VA Antitrust Act, activities of agricultural/horticultural cooperatives and their members are not illegal.

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

- VA-Gen: NA.

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

- VA-Gen § 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](http://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-Gen §§ 13.1-311, 58.1-402: 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-Gen: NA.

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

- VA-Gen § 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-Gen § 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-Gen § 55-210.2:1, 55-210.2:2: General escheat rules apply; 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-Gen: NA.

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

- VA-Gen § 55-210.2:1, 55-210.2:2: General escheat rules apply; 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-Gen: NA.

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

- VA-Gen § 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-Gen: NA.

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

- VA-Gen: NA.

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

- VA-Gen: 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-Gen: NA.