

SAMPLE ARTICLES OF INCORPORATION FOR A COOPERATIVE CORPORATION

We the undersigned, incorporates, hereby associate ourselves together to form and establish a cooperative not for profit under the laws of the State of _____

ARTICLE I
Name and Location

The name of this cooperative shall be _____ and its location and principal office shall be in the city of _____ County, State of _____

ARTICLE II
Duration

The duration of this cooperative shall be perpetual.

ARTICLE III

The purposes for which this cooperative is formed are:

- A. To engage any lawful mercantile, servicing, or manufacturing business including among other things the purchasing and selling of business supplies, services, and equipment which shall be supplied upon the cooperative plan.
- B. To the fullest extent possible, to provide its members and other with an assured available supply at a reasonable cost of all such materials, supplies, equipment, products, and accessories.
- C. To initiate, encourage, and support the research, design, development, and standardization relating to all kinds and types of materials, supplies, equipment, products, and accessories used by its members.
- D. To do all such acts and things as may be useful, necessary, or convenient for all the accomplishment of the purposes herein expressed, provided, however, that all of the operations of the cooperative shall be on a cooperative basis, not for profit, and for the primary use and benefit of its members.

The enumeration of the foregoing purposes shall not be held to limit or restrict in any manner the general powers of the cooperative, and the cooperative shall be authorized to exercise and enjoy all the powers, rights, and privileges granted to or conferred upon a cooperative or the character of this cooperative by the laws of the State of _____, now or hereafter in force.

ARTICLE IV
Capital Stock

The capital stock of the cooperative shall be _____ dollars (\$_____) which shall be divided into stock of the following classes and amounts:

- (a) _____ shares of Common Stock of the par value of _____ dollars (\$_____) each, to be one class.
- (b) _____ shares of non-voting noncumulative Class A Preferred Stock with a par value of _____ dollars (\$_____) each; such Preferred Stock to be issued only in payment of patronage dividends and to bear a dividend rate of _____ percentage (_____%) per annum.
- (c) _____ shares of Class B Preferred Stock, with a par value of _____ dollars (\$_____) and to be non-voting. Such Preferred Stock shall be subordinate to Class A Preferred Stock as to entitlement to payment upon liquidation or dissolution, but the holders thereof

shall be entitled to receive par value of their stock upon liquidation or dissolution of the cooperative prior to payment of Common Stock.

ARTICLE V Control of Stock Holdings

The Common Stock of the cooperative may be purchased owned, or held only by businesses engaged in the business of _____

Each member of the cooperative may hold only one share of Common Stock. In the event the board of directors shall determine that Common stock is held by any organization not eligible for membership, the cooperative shall have the right, at its option, to purchase such stock at its book or par value, whichever is greater.

Common Stock shall be transferable and no dividend shall be paid thereon.

The Class A Preferred Stock of the cooperative may be issued to and held by any patron of the cooperative. It shall carry no voting rights.

Class A Preferred Stock may be transferred only on the books of the cooperative and may be redeemed in whole or in part on a pro rata basis or book value, whichever is less, plus any dividends thereon unpaid, at any time on thirty days' notice by the cooperative, provided said stock is redeemed in the same order as originally issued by years.

Class B Preferred Stock may be transferred only on the books of the cooperative and may be redeemed at any time at the par or book value, whichever is less.

The cooperative shall have a lien on all its issued Common stock and Preferred Stock for all indebtedness of the holders thereof the cooperative.

ARTICLE VI Class of Members and Voting Rights

There shall be one class of members in the cooperative. Only organizations and entities meeting the qualifications for stock ownership specified in Article V and which are patrons shall be eligible to become and remain members of the cooperative. Any such eligible organization, upon purchasing a share of Common Stock in the cooperative, shall become and be deemed to be a member of the cooperative. Owners and holders of Class A and Class B Preferred Stock shall not, by virtue of such ownership of such stock, have any voting rights in the cooperative. Voting rights shall be vested only in members owning and holding Common Stock and such voting rights shall be exercised as provided for in the bylaws of the cooperative.

ARTICLE VII Directors

The business and affairs of the cooperative shall be managed by the board of directors. The number of and qualifications for directors shall be specified in the bylaws. The bylaws may provide that directors be from specified territorial districts and may further limit voting for the election of any directors to members from within the territorial district which such director represents. The number of directors shall not be less than five.

ARTICLE VIII Officers

The principal officers of the cooperative shall be chairman, vice chairman, secretary, and treasurer. The board of directors may appoint or may authorize the appointment of other officers from time to time.

ARTICLE IX

Incorporates

The name and place of residence (post office address) of each of the incorporates and initial directors until the first annual meeting:

Incorporates:

Directors:

ARTICLE X

Liquidation or Dissolution

Upon liquidation or dissolution of the cooperative, after payment of all debts and liabilities, the holders of Class A Preferred Stock shall be entitled to receive par value of their stock plus any dividend unpaid. The holders of Class B Preferred Stock shall be entitled to receive par value of their stock, and then the holders of Common Stock shall then be entitled to receive the par value of their stock. Any sum remaining shall be distributed to patrons on the basis of their patronage for the immediate past five years.