308C.241 BYLAWS.

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

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

(1) the purpose of the cooperative;

(2) the capital structure of the cooperative to the extent not stated in the articles, including a statement of the classes and relative rights, preferences, and restrictions granted to or imposed upon each class of member interests, and the authority to issue membership interests, which may be designated to be determined by the board;

(3) a provision designating the voting and governance rights, to the extent not stated in the articles, including which membership interests have voting power and any limitations or restrictions on the voting power, which shall be in accordance with the provisions of this chapter;

(4) a statement that occupant membership interests with voting power shall be restricted to one vote for each member in the affairs of the cooperative or a statement describing the allocation of voting power allocated as prescribed in this chapter;

(5) a statement that membership interests held by a member are transferable only with the approval of the board or as provided in the bylaws; and

(6) if nonoccupant membership interests are authorized, a statement as to how profits and losses will be allocated and cash will be distributed between occupant membership interests collectively and nonoccupant membership interests collectively to the extent not stated in the articles, a statement that net income allocated to an occupant membership interest as determined by the board in excess of dividends and additions to reserves shall be distributed on the basis of patronage, and a statement that the records of the cooperative shall include occupant membership interests and, if authorized, nonoccupant membership interests, which may be further described in the bylaws of any classes and in the reserves.

(b) The bylaws may contain any provision relating to the management or regulation of the affairs of the cooperative that are not inconsistent with law or the articles, and may include the following:

(1) the number of directors and the qualifications, manner of election, powers, duties, and compensation, if any, of directors;

(2) the qualifications of members and any limitations on their number;

(3) the manner of admission, withdrawal, suspensions, and expulsion of members;

(4) generally, the governance rights, financial rights, assignability of governance and financial rights, and other rights, privileges, and obligations of members and their membership interests, which may be further described in member agreements;

(5) if the cooperative intends to operate as a limited equity cooperative, the use and calculation of transfer value, including limits on the extent to which membership interests may appreciate in value, and the extent, if any, of the cooperative's power to exercise a right of first refusal or option to acquire a member's interest and the conditions under which that power is exercised;

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

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

(8) the circumstances under which liens are imposed against membership interests and occupancy rights, how the liens are foreclosed by the cooperative, the process by which the cooperative may remove the members and occupants from the dwelling units, and the circumstances and processes under which the cooperative may terminate the membership and occupancy rights of its members;

(9) a statement that the cooperative will observe the basic cooperative principles that purchases and sales of memberships and rights under occupancy agreements are not for speculative purposes, that investments in the cooperative by members are for the purpose of securing homes for members' use and benefit, and that the policies established by the cooperative will be designed to discourage and avoid speculation either in the sale and resale of memberships and rights under occupancy agreements by members or by the cooperative; and

(10) any provisions required by the articles to be in the bylaws.

(c) Any other provision relating to the management or regulation of the affairs of the cooperative that are not inconsistent with law or the cooperative's articles.

Subd. 3. **Adoption.** (a) Bylaws may be adopted by the organizer or a nonoccupant member if, at the time of adoption, the cooperative does not have any occupant members.

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

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

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

(3) the bylaws or amendment is approved by a majority vote cast, or for a cooperative with articles or bylaws requiring more than majority approval or other conditions for approval, the bylaws or amendment is approved by a proportion of the vote cast or a number of the total members are required by the articles or bylaws and the conditions for approval in the articles or bylaws have been satisfied.

(c) Until the next annual or special members' meeting, the majority of directors may adopt and amend bylaws for the cooperative that are consistent with subdivisions 4 to 6, which may be further amended or repealed by the members at an annual or special members' meeting.

Subd. 4. **Amendment of bylaws by board or members.** (a) The board may amend the bylaws at any time to add, change, or delete a provision, unless:

(1) this chapter, the articles, or the bylaws reserve the power exclusively to the members in whole or in part; or

(2) a particular bylaw expressly prohibits the board from doing so.

(b) Any amendment of the bylaws by the board must be distributed to the members no later than ten days after adoption and the notice of the annual meeting of the members must contain a notice and summary or the actual amendments to the bylaws adopted by the board.

(c) The members may amend the bylaws even though the bylaws may also be amended by the board.

Subd. 5. **Bylaw changing quorum or voting requirement for members.** (a) The members may amend the bylaws to fix a greater quorum or voting requirement for members, or voting groups of members, than is required under this chapter. An amendment to the bylaws to add, change, or delete a greater quorum or voting requirement for members shall meet the same quorum requirement and be adopted by the same vote and voting groups required to take action under the quorum and voting requirements then in effect or proposed to be adopted, whichever is greater.

(b) A bylaw that fixes a greater quorum or voting requirement for members under paragraph (a) may not be adopted and shall not be amended by the board.

Subd. 6. **Bylaw changing quorum or voting requirement for directors.** (a) A bylaw that fixes a greater quorum or voting requirement for the board may be amended: (1) if adopted by the members, only by the members; or (2) if adopted by the board, either by the members or by the board.

(b) A bylaw adopted or amended by the members that fixes a greater quorum or voting requirement for the board may provide that the bylaw may be amended only by a specified vote of either the members or the board, but if the bylaw is to be amended by a specified vote of the members, the bylaw must be adopted by the same specified vote of the members.

(c) Action by the board under paragraph (a), clause (2), to adopt or amend a bylaw that changes the quorum or voting requirement for the board shall meet the same quorum requirement and be adopted by the same vote required to take action under the quorum and voting requirement then in effect or proposed to be adopted, whichever is greater.

Subd. 7. **Emergency bylaws.** (a) Unless otherwise provided in the articles or bylaws, the board may adopt bylaws to be effective only in an emergency as defined in paragraph (d). The emergency bylaws, which are subject to amendment or repeal by the members, may include all provisions necessary for managing the cooperative during the emergency, including:

(1) procedures for calling a meeting of the board;

(2) quorum requirements for the meeting; and

(3) designation of additional or substitute directors.

(b) All provisions of the regular bylaws consistent with the emergency bylaws shall remain in effect during the emergency. The emergency bylaws shall not be effective after the emergency ends.

(c) Action taken in good faith in accordance with the emergency bylaws:

(1) binds the cooperative; and

(2) may not be the basis for imposition of liability on any director, officer, employee, or agent of the cooperative on the grounds that the action was not authorized cooperative action.

(d) An emergency exists for the purposes of this section, if a quorum of the directors cannot readily be obtained because of some catastrophic event.

History: *2024 c 96 art 1 s 17*