308C.711 CONTRIBUTION AGREEMENTS.

Subdivision 1. **Signed writing.** A contribution agreement, whether made before or after the formation of the cooperative, is not enforceable against the would-be contributor unless it is in writing and signed by the would-be contributor.

Subd. 2. **Irrevocable period.** Unless otherwise provided in the contribution agreement, or unless all of the would-be contributors and, if in existence, the cooperative, consent to a shorter or longer period, a contribution agreement is irrevocable for a period of six months.

Subd. 3. **Current and deferred payment.** A contribution agreement, whether made before or after the formation of a cooperative, must be paid or performed in full at the time or times, or in the installments, if any, specified in the contribution agreement. In the absence of a provision in the contribution agreement specifying the time at which the contribution is to be paid or performed, the contribution must be paid or performed at the time or times determined by the board, but a call made by the board for payment or performance on contributions must be uniform for all membership interests of the same class or for all membership interests of the same series.

Subd. 4. **Failure to pay remedies.** (a) Unless otherwise provided in the contribution agreement, in the event of default in the payment or performance of an installment or call when due, the cooperative may proceed to collect the amount due in the same manner as a debt due the cooperative. If a would-be contributor does not make a required contribution of property or services, the cooperative shall require the would-be contributor to contribute cash equal to that portion of the value, as stated in the cooperative required records, of the contribution that has not been made.

(b) If the amount due under a contribution agreement remains unpaid for a period of 20 days after written notice of demand for payment has been given to the delinquent would-be contributor, the membership interests that were subject to the contribution agreement may be offered for sale by the cooperative for a price in money equaling or exceeding the sum of the full balance owed by the delinquent would-be contributor plus the expenses incidental to the sale.

If the membership interests that were subject to the contribution agreement are sold according to this paragraph, the cooperative shall pay to the delinquent would-be contributor or to the delinquent would-be contributor's legal representative the lesser of:

(1) the excess of net proceeds realized by the cooperative over the sum of the amount owed by the delinquent would-be contributor plus the expenses incidental to the sale, less any penalty stated in the contribution agreement, which may include forfeiture of the partial contribution; and

(2) the amount actually paid by the delinquent would-be contributor.

If the membership interests that were subject to the contribution agreement are not sold according to this paragraph, the cooperative may collect the amount due in the same manner as a debt due the cooperative or cancel the contribution agreement according to paragraph (c).

(c) If the amount due under a contribution agreement remains unpaid for a period of 20 days after written notice of demand for payment has been given to the delinquent would-be contributor and the membership interests that were subject to the defaulted contribution agreement have not been sold according to paragraph (b), the cooperative may cancel the contribution agreement, the cooperative may retain any portion of the contribution agreement price actually paid as provided in the contribution agreement, and the cooperative shall refund to the delinquent would-be contributor or the delinquent would-be contributor's legal representatives any portion of the contribution agreement price as provided in the contribution agreement.

Subd. 5. **Restrictions on assignment.** Unless otherwise provided in the articles or bylaws, a would-be contributor's rights under a contribution agreement may not be assigned, in whole or in part, to a person who was not a member at the time of the assignment, unless all the members approve the assignment by unanimous written consent.

History: *2024 c 96 art 1 s 65*