

5-640. DISPOSITION OF PROPERTY.

(A) ENCUMBRANCES ON PROPERTY.

(1) WITHOUT AUTHORIZATION BY THE MEMBERS AND ON THE CONDITIONS THE BOARD OF DIRECTORS DETERMINES, THE BOARD OF DIRECTORS OF A COOPERATIVE MAY AUTHORIZE THE EXECUTION AND DELIVERY OF A MORTGAGE OR DEED OF TRUST OF, OR THE PLEDGING OR ENCUMBERING OF, ANY OR ALL OF THE ASSETS OF THE COOPERATIVE, WHETHER ACQUIRED OR TO BE ACQUIRED, AND WHEREVER LOCATED, AND THE REVENUES AND INCOME FROM THE ASSETS, TO SECURE ANY INDEBTEDNESS OF THE COOPERATIVE TO:

(I) THE UNITED STATES OR AN AGENCY OR INSTRUMENTALITY OF THE UNITED STATES; OR

(II) 1. A NATIONAL FINANCING INSTITUTION THAT IS ORGANIZED ON A COOPERATIVE PLAN FOR THE PURPOSE OF FINANCING ITS MEMBERS' PROGRAMS, PROJECTS, AND UNDERTAKINGS, AND IN WHICH THE COOPERATIVE HOLDS MEMBERSHIP; OR

2. ANY OTHER FINANCING INSTITUTION.

(2) A LOAN DESCRIBED IN PARAGRAPH (1) OF THIS SUBSECTION IS NOT SUBJECT TO § 4-106(B) OF THE REAL PROPERTY ARTICLE.

(B) SALE, LEASE, OR DISPOSITION OF PROPERTY.

(1) A COOPERATIVE MAY NOT SELL, LEASE, OR OTHERWISE DISPOSE OF ALL OR A SUBSTANTIAL PORTION OF ITS ASSETS UNLESS:

(I) THE SALE, LEASE, OR DISPOSITION IS AUTHORIZED AT A MEETING OF THE MEMBERS BY THE AFFIRMATIVE VOTE OF NOT LESS THAN A MAJORITY OF ALL THE MEMBERS OF THE COOPERATIVE; AND

(II) THE NOTICE OF THE MEETING CONTAINED NOTICE OF THE PROPOSED SALE, LEASE, OR DISPOSITION.

(2) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, ON THE AUTHORIZATION OF A MAJORITY OF THE MEMBERS OF THE COOPERATIVE PRESENT AT A MEETING OF THE MEMBERS, THE BOARD OF DIRECTORS MAY SELL, LEASE, OR OTHERWISE DISPOSE OF ALL OR A SUBSTANTIAL PORTION OF ITS ASSETS TO:

(I) ANOTHER COOPERATIVE OR A FOREIGN CORPORATION DOING BUSINESS IN THE STATE UNDER THIS SUBTITLE; OR

(II) THE HOLDER OF ANY NOTE, BOND, OR OTHER EVIDENCE OF INDEBTEDNESS OF THE COOPERATIVE ISSUED TO THE UNITED STATES OR AN AGENCY OR INSTRUMENTALITY OF THE UNITED STATES.

DRAFTER'S NOTE: This section is new language derived without substantive change from former Ch. 179, § 24, Acts of 1976, as amended by Ch. 604, Acts of 2001.