

**272.201 Membership certificate -- Capital stock -- Payment for -- Voting rights --
Purchase or redemption of stock.**

- (1) When a member of an association established without capital stock has paid his membership fee in full, he shall receive notice of such membership whether by a certificate of membership, letter, or otherwise. Such membership shall not be transferable except as may be prescribed in the articles of incorporation and bylaws of the association.
- (2) No association shall issue capital stock until it has been fully paid for. Promissory notes may be accepted by an association as full or partial payment. An association may hold the stock as security for the payment of the note, but retention as security shall not affect a member's right to vote.
- (3) No member, or other person, is liable for the debts of the association to an amount exceeding the sum remaining unpaid on his membership fee or his subscription to the capital stock, including any unpaid balance on any promissory notes given in payment thereof.
- (4) An association, in its bylaws, may limit the amount of voting stock which one (1) member may own. No member of an association composed solely of producers of agricultural products shall be allowed to control more than forty-nine percent (49%) of such association's voting power.
- (5) An association, in its bylaws, may provide that no member shall have more than one (1) vote.
- (6) An association organized under KRS 272.101 to 272.341 whose members are one (1) or more associations may determine by its bylaws the number of votes to which each member-association is entitled and provide for the appointment or election of delegates to cast the votes and to represent the member-associations at all membership meetings.
- (7) An association organized with stock may issue preferred stock, with or without the right to vote. Such stock may be redeemable or retirable by the association on terms and conditions provided for by the articles of incorporation and printed on the face of the certificate.
- (8) The voting stock of an association shall be transferable only to persons engaged in the production of agricultural products or to associations of such persons. Such restrictions must be printed upon every certificate of voting stock.
- (9) Except when its debts exceed fifty percent (50%) of its assets, an association may purchase for cash its capital stock at book value or par value, whichever is less, and may call such stock for redemption on the same basis pursuant to a plan for rotating ownership of such stock set forth in its articles of incorporation or in its bylaws. The determination of book value by the board of directors shall be incontestable except for fraud.

History: Amended 1972 Ky. Acts ch. 112, sec. 6. -- Created 1966 Ky. Acts ch. 208, sec. 13.