

### **3-1-20 Voluntary dissolution -- Distribution of assets -- Proceedings.**

- (1)
  - (a) An association may be dissolved:
    - (i) at a regular meeting, or a special meeting called for that purpose;
    - (ii) after 30 days advance notice of the time, place, and object of the meeting is served on the members of the association as prescribed in the bylaws; and
    - (iii) by a two-thirds vote of the members voting.
  - (b)
    - (i) The members shall elect a committee of three members to act as trustees on behalf of the association, and the trustees shall liquidate and distribute the association's assets within the time fixed by the members.
    - (ii) The trustees may bring and defend actions necessary to protect and enforce the rights of the association.
    - (iii) Any vacancies in the trusteeship may be filled by the remaining trustees.
- (2)
  - (a) If an association dissolves pursuant to this section, the trustees, a creditor, a member, or the attorney general may bring an action in the district court in the county where the principal place of business of the association is located.
  - (b) The court may specify:
    - (i) appropriate notice of the time and place for the submission of claims against the association, which notice may require creditors of and claimants against the association to submit accounts and demands in writing at the specified place by a specific day, which date shall be at least 40 days from the date of service or first publication of the notice;
    - (ii) the payment or satisfaction of claims and demands against the association, or the retention of money for such purpose;
    - (iii) the administration of trusts or the disposition of the property held in trust by or for the association;
    - (iv) the sale and disposition of any remaining property of the association and the distribution or division of the property or its proceeds among the members or persons entitled to them; and
    - (v) other matters related to the dissolution.
  - (c) All orders and judgments shall be binding upon the association, its property and assets, trustees, members, creditors, and all claimants against it.
- (3) On dissolution, the assets of the association shall be distributed in the following manner and order:
  - (a) to pay the association's debts and expenses;
  - (b) to return to any investors the par value of their capital;
  - (c) to pay patrons on a pro rata basis the amount of any patronage capital credited to their accounts; and
  - (d) if there is a surplus, to distribute it among those patrons who have been members of the association at any time during the last five years preceding dissolution or for a longer period of time if determined by the board of directors to be practicable, on the basis of patronage during that period.
- (4) After the final settlement by the trustees, the association shall be considered dissolved and shall cease to exist.
- (5) The trustees shall make a report in duplicate of the proceedings held under this section, which shall be signed, acknowledged, and filed as required for the filing of the articles of incorporation.
- (6) This section shall apply to all associations incorporated in this state.

Amended by Chapter 202, 1994 General Session