

Policy on Uniform Conditions of Membership

As authorized by the Bylaws and prescribed by the Board

Approved 2022 04 05

PLEASE RETAIN FOR YOUR RECORDS

Preamble: Relevant Policy in the Articles of Incorporation and Bylaws

Articles of Incorporation

None

Bylaws

Article I - Definitions:

“**Member**” or “**Members**” means the Members of the Cooperative who are eligible and admitted to Membership by the Board in accordance with the Articles of Incorporation and these Bylaws.

ARTICLE III - MEMBERS

3.1. Qualifications and Eligibility; Nondiscrimination. Membership shall be open without regard to any characteristic that does not directly pertain to a person’s eligibility. Accordingly, any natural person, trust, organization, or business entity (a “person”) may apply for membership in the Cooperative. As a condition of initial and continuing membership in the Cooperative, each Member must:

- a. meet all conditions and eligibility requirements set forth in the Uniform Conditions of Membership established by the Board, as amended from time to time;
- b. apply for membership in the Cooperative, on forms established by the Board;
- c. pay, or agree to pay on terms approved by the Cooperative, the capital contributions and special assessments established by the Board for the applicable class or category of membership, which may include an initial contribution of Member capital that does not appreciate in value; and
- d. patronize the Cooperative by conducting the minimum level of business established by the Board and set forth in the Uniform Conditions of Membership for the applicable class or category of membership.

3.2. Classes and Categories of Membership. The Board may establish classes or categories of membership and specify the eligibility requirements, term of membership, required capital contributions, and other obligations and requirements for such class or category, from time to time. The classes or categories of membership and the corresponding eligibility requirements shall be set forth in the Uniform Conditions of Membership. Consistent with the foregoing, the Board may establish sub-categories of consumer membership, including for example, individual membership, joint membership, household membership, student membership, senior membership, or other categories as determined by the Board. At all times, a majority of the Cooperative’s Members must be Consumers.

3.3. Application for Membership; Admission.

- a. Each applicant who satisfies the qualifications and eligibility requirements for Members set forth in Section 3.1, as determined by the Board in its sole discretion, will be admitted as a Member of the Cooperative.
- b. Before accepting an applicant as a Member or accepting any membership capital, the Cooperative must advise the applicant in writing of the matters set forth in Section 1138(a)-(g) of the Michigan Consumer Cooperative Act, MCL §450.3138(a)-(g).
- c. By virtue of applying for and becoming a Member, each applicant agrees to abide by the Cooperative’s Articles of Incorporation, Bylaws, policies, and rules and regulations, including

without limitation the Uniform Conditions of Membership, as now in effect and as amended or adopted in the future.

3.4. Membership Certificates. The Cooperative shall issue to each Member a certificate or certificates setting forth the Members' initial capital contributed to the Cooperative. The certificates for membership capital of the Cooperative may be issued in physical or electronic format and will be in such form as approved by the Board and required by law. Without limiting the foregoing sentence, each certificate shall contain: (a) a statement that the Cooperative is organized under and subject to the Michigan Consumer Cooperative Act, (b) a statement of the qualifications for admission to and retention of membership and the right of the cooperative to terminate membership, if any; and (c) a statement of the restrictions, if any, on the transfer of membership. Membership certificates must be signed by the President or other officer designated by the Board.

3.5. Voting Power.

- a. Each Member will be entitled to one vote in any matter submitted to a vote of the Members.
- b. If two or more persons hold a Membership jointly (e.g., in partnership, joint tenancy, or otherwise) they will be collectively entitled to only one vote on each matter submitted to a vote of the Members. The vote may be cast by any one of these persons.
- c. An individual shall not be permitted to cast more than one vote on any matter submitted for a vote of the Members, whether acting on behalf of such individual, as a voting representative of a Member which is not a natural person, or a combination of both.

3.6. Transfer of Membership and Capital. Neither membership nor Member capital may be transferred or assigned, except with the consent of the Board.

3.7. Transfer-on-Death Designations. The Board may permit a Member who is a natural person, to designate on forms approved by the Board, a natural person or trust to automatically assume ownership of the Member's membership or capital upon the Member's death, pursuant to Article VI (Nonprobate Transfers on Death) of the Estate and Protected Individuals Code, MCL §700.6301 et. seq. A transfer on death ("TOD") designation is not effective until approved by the Board. At the time a TOD designation is approved by the Board, the TOD designation will be deemed to be registered in beneficiary form with the account initiated for the membership or membership capital to which the TOD designation relates. A TOD designation does not affect ownership of a membership or capital until the death of a designating Member. Membership and capital subject to a valid TOD designation will automatically transfer to the TOD beneficiary upon the death of the designating Member. A Member may cancel a TOD designation in writing submitted to the Cooperative at any time without the consent of the designated beneficiary or the Cooperative. A TOD designation pursuant to this Agreement is not testamentary. MCL §700.6309.

3.8. Voluntary Termination of Membership. A Member may voluntarily terminate membership in the Cooperative at any time by giving written notice in the manner or on forms established by the Board. Resignation does not relieve the resigning Member of the obligation to pay capital contributions, special assessments, or other charges that have then accrued and are due and payable. Upon voluntary termination, a Member's rights and privileges as a Member, including without limitation voting rights and rights to participate in management of the Cooperative, terminate.

3.9. Suspension or Termination of Membership. The Board may suspend or terminate a Member's rights and privileges as a Member, including without limitation voting rights and rights to participate in management of the Cooperative, and remove the person as a Member of the Cooperative, if the Member:

- a. fails to pay in or accumulate required Member capital, within the time or on the terms established by the Board as set forth in the Uniform Conditions of Membership;

- b. fails at any time to meet eligibility requirements for membership as set forth in the Uniform Conditions of Membership;
- c. fails to keep the Cooperative informed of the Member's current mailing address;
- d. engages in conduct the Board reasonably determines materially and adversely affects the Cooperative or its operations;
- e. materially violates the Articles of Incorporation, Bylaws, rules, or regulations of the Cooperative;
- f. materially breaches any contract with the Cooperative;
- g. engages in conduct that is fraudulent; or
- h. commits a felony or crime of moral turpitude.

The Board may terminate a Member's rights and privileges under Section 3.9(a) or (b) at any time by giving written notice to the Member. The Board must give any Member subject to a removal vote for matters described in Sections 3.9(c) through (h) written notice of the alleged facts constituting cause for removal at least 10 and not more than 60 days before the meeting of the Board at which a removal vote will be taken. The Member will have the right to be heard regarding the accusations at any meeting during which such a vote is taken; provided however, that Board of Director's determination with respect to alleged facts constituting cause for removal will be final, conclusive, and binding upon all parties. The Cooperative may redeem any Member capital owned by a terminated Member as provided in these Bylaws.

3.10. Member Representatives. Each Member that is not a natural person or holds a joint membership (e.g., certain trusts and household memberships) may, and if required by the Board, must, designate one individual to be its representative for purposes of (i) receiving notices and other information, (ii) communicating with the Cooperative on the Member's behalf, (iii) representing the Member at meetings, and (iv) voting the Member's interest.

Uniform Conditions of Membership – Natural Persons

In accordance with Bylaws Section 3.1(a), 3.3(c), and 3.9(b), which require members meet all conditions and eligibility requirements set forth in the "Uniform Conditions of Membership" established by the Board," such conditions are hereby established as the following for natural persons:

1) Options for Holding Membership

Contingent upon acceptance by the board in all cases, Members shall hold their Memberships and all forms of capital in their capital accounts, including their initial owner investment, in one of the following two ways:

- a) Individually, when held by one natural person, or
- b) Jointly, when held as Joint Tenants with Rights of Survivorship by any two natural persons.

These two forms of membership are authorized by and in accordance with Section 3.2 of the Bylaws.

Furthermore:

- c) As per Bylaw Section 3.1(d), Members "must patronize the Cooperative by conducting the minimum level of business established by the Board," which is further defined below.

- d) Any Individual Membership whose holder meets all conditions of membership may request to add a joint tenant. Board acceptance of the joint tenant shall also result in joint ownership of the associated capital account.
- e) When a tenant of a joint membership dies, voluntarily relinquishes tenancy, or whose current address and status cannot be confirmed, the membership shall be deemed Individual and the remaining tenant shall own the associated capital account.
- f) For Individual and Joint Memberships, the holders shall be able to name beneficiaries to facilitate easy transfer of member capital after death.
- g) The Co-op will not transfer member capital after a holder's death by any other means than jointly held rights of survivorship, a beneficiary designation, signed execution of a probate exception, or a probate court order for estate settlement.
- h) All official communications, including voting and meeting notices, patronage dividends, and other official acts regarding membership, shall be made care of the most current contact information on record. As per Bylaws Section 3.9(c), Members are solely responsible for providing updated contact information. Inability to make contact with membership may result in termination of Membership.
- i) Communications for jointly held memberships will be issued to both joint tenants by care of the primary email and/or physical address of record.
- j) Membership is contingent upon acceptance by the Board and thus is not transferable without Board approval of the recipient as a Member. Member capital accounts can be transferred to Non-members as designated by the current holder, subject to Board approval.
- k) Either joint tenant may voluntarily terminate membership and relinquish to the remaining tenant all claim to the associated capital account. Joint tenants may split their membership and associated capital account into individual memberships upon each tenant providing the additional amount of initial member investment needed to establish individual membership. The board will not terminate membership or redeem capital for jointly held membership unless requested by both tenants.

2) Minimum Level of Patronage

The minimum Level of Patronage for Individual and Joint memberships is hereby defined as a Membership that has been exercised at least one time in the past three years, as evidenced by authorized and legitimate use of the owner number for purchasing goods or services from the Co-op.

3) Voluntary Termination of Membership

Members shall follow the Co-op's policy for Member Capital Accounts and Redemptions.

4) Suspension of Membership

Prospective Members who default on a payment plan for their initial owner investment will have all benefits of membership suspended until they resume payments. Failure to resume payments within two or more years and failure to respond to final notice within two months will result in Involuntary Termination of Membership. Membership will also be suspended for reasons listed under "Involuntary Termination of Membership."

5) Involuntary Termination of Membership

IN accordance with Bylaws Section 3.9, when a membership no longer meets all of the membership conditions of the bylaws, the terms and conditions of the current membership agreement approved by the Board, and this policy, including but not limited to the definition of “active,” the board shall, via its consent agenda and upon notice by management, suspend the Membership and notify the holder as to the reason for suspension and necessary action for reinstatement. To request redemption of capital for a suspended membership, former members shall follow the Co-op’s policy for Member Capital Accounts and Redemptions.

Furthermore, and also in accordance with Bylaws Section 3.9, when memberships remain suspended for two years without reinstatement by the holders, notice of forfeiture shall be served to the member’s current address to take effect after five years unless the holder takes corrective action. After five years, and in accordance with the Board’s policy for Member Capital Accounts and Redemptions, the board shall, via its consent agenda and upon notice by management, effect forfeiture of all associated member capital.

6) Death of Joint Tenant

When either tenant of a jointly held membership dies, the remaining tenant continues to hold all membership rights and benefits and the associated capital account. After submitting the death certificate, the surviving holder may hold the membership individually or request to add a new joint tenant.

7) Ascendance of Beneficiary

When member capital transfers to a beneficiary, that person may choose one of the following two options: either (1) accept the conditions of membership by executing their own individual or joint membership agreement and apply for Board acceptance or (2) request redemption of the associated capital account under the Co-op’s policy for Member Capital Accounts and Redemptions.

8) Membership Agreement

The Board shall establish and maintain a Membership Agreement that is required for all members.

9) Membership Benefits

Individual and Joint memberships are for the benefit of the holders of the membership and their families and households. Further definitions and terms of authorized use of memberships may be found in the Membership and Stock Subscription Agreement. Membership Benefits shall be established by Co-op management in accordance with the financial conditions of the Co-op and within any relevant parameters defined by the Board.

10) Membership Payment Plans for Initial Owner Investment

The Initial Owner Investment required for Membership may be made on payment plans established by Co-op management in accordance with the financial conditions and administrative capacity of the Co-op and within any relevant parameters defined by the Board. Holders of memberships under payment plans shall be eligible for all

membership rights and benefits but Membership is provisional until the membership certificate is issued upon plan completion.

11) Member Certificate

The Co-op will issue member certificates for all memberships with initial owner investments paid in full. Member certificates will be issued electronically unless members opt out of electronic communications. Memberships and their associated capital accounts will be identified by a unique owner number, which will continue with capital accounts even after memberships terminate until all owner capital is redeemed.

12) Membership Voting

Membership votes shall be conducted in accordance with the Co-op's bylaws and elections policies, including one vote per membership of any type.

13) Administration of Memberships

Co-op management shall be responsible for enforcing all Uniform Conditions of Membership, executing Membership Agreements, and maintaining all related procedures and records in accordance with this policy, such that acceptance to membership and all other board actions relevant to membership can be completed via the board's consent agenda. The following items under this policy will qualify for approval via consent agenda

- Acceptance to membership - new
- Acceptance to membership - joint tenant
- Acceptance to membership - ascendant beneficiary
- Voluntary removal of joint tenancy
- Involuntary termination of membership - Not Active Patron
- Involuntary termination of membership - Status Unconfirmed
- Suspension of Membership - Payment plan default
- Suspension of Membership - Inactivity

Note: Voluntary Termination of Membership and refunding of capital accounts is governed by the Board's policy for Member Capital Accounts and Redemptions.