

ARTICLE VIII  
DISPOSITION OF PROPERTY

The Cooperative shall not, except as otherwise provided in this Article, sell, lease, lease-sell, mortgage or otherwise dispose of or encumber (“transfer”) all or any substantial portion of its property or assets (“property”) unless such transfer occurs pursuant to the following provisions.

**SECTION 1. SALE OR MERGER OFFERS OR SOLICITATIONS: BOARD CONSIDERATION.**

All offers, solicitations or proposals (“proposals”) for the sale, purchase or transfer (“sale”) of all or any substantial portion of the property of the Cooperative, or for the combination or merger of the Cooperative into or to become a part of any corporation, cooperative, partnership, joint venture or other entity (a “merger”) shall be first considered by the Board of Directors of the Cooperative. Should the Board of Directors favorably consider a proposal for the sale of all or a substantial portion of the Cooperative’s property to a third party, or for a merger of the Cooperative into or to become part of a third party or entity, the Board shall first, by majority vote, adopt a resolution so recommending such sale or merger and directing the submission of the proposal and of a Board approved plan of merger or sale to a vote of the members.

**SECTION 2. NOTICE OF SALE OR MERGER.**

Following consideration of the sale or merger proposal by the Board and a decision by the Board to submit the proposal to the members, the members of the Cooperative shall consider and vote upon a plan of merger of the Cooperative, or sale of all or substantially all the property of the Cooperative, at either the annual meeting of the members or at a special meeting called for the purpose of considering the proposed merger or sale. Notwithstanding the notice provisions of Section 3, Article II above, and in addition thereto, any meeting of the members called for the purpose of voting on and approving a sale of all or substantially all the property of the Cooperative, or for the merger of the Cooperative, shall be called to the attention of the members of the Cooperative by providing them written notice thereof not less than forty-five (45) days nor more than sixty (60) days before the annual or special meeting at which such sale or merger shall be voted upon. Such notice shall state that the purpose, or that one of the purposes, of the meeting is to consider the sale of all or substantially all the property of the Cooperative, or a merger of the Cooperative, and shall contain or be accompanied by a copy or summary of the proposed sale of property or plan of merger, including a copy of the Articles of Incorporation and Bylaws that will be in effect immediately after a merger takes place.

**SECTION 3. INDEPENDENT APPRAISAL.**

If the Board of Directors of the Cooperative adopts a resolution pursuant to Section 2 above recommending such sale or merger and directing the submission of the proposal and of a Board approved plan of merger or sale to a vote of the members, the Board shall then also retain the services of a competent business appraiser or expert business valuation advisor (“appraiser”), qualified and capable of evaluating the fair market value of the Cooperative and its assets, as a going concern, and advising the Board of Directors and members of the Cooperative as to the fairness of the offer for sale or merger. The appraiser selected by the Board shall conduct a

comprehensive evaluation of the fair market value of the Cooperative (an “Appraisal”) and provide a written appraisal report on the value of the Cooperative as a going concern, such report to also state the facts and opinions upon which such Appraisal is based. The Board of Directors shall, by first class or registered mail, provide a copy thereof to each member on or before twenty-one (21) days prior to the annual or special meeting at which such proposed sale or merger is to be considered.

#### SECTION 4. APPROVAL BY MEMBERS.

Any proposals submitted by the Board of Directors to the members, pursuant to resolution as provided in Section 2 above, and recommending a sale or merger of the Cooperative shall be authorized upon receiving the affirmative votes of two-thirds (2/3) or more of the votes cast by members present, or represented by proxy with respect to such proposal. Unless otherwise determined by the members, after the members approve a sale or transfer of assets as provided above, the Board may abandon the merger or sale if the board determines that abandonment is in the best interest of the Cooperative.

#### SECTION 5. ENCUMBRANCE IN THE NORMAL COURSE OF BUSINESS.

Notwithstanding anything contained in this Article VIII, the Board of Directors shall have full power and authority, without necessity of member review, authorization or approval, to borrow money, to execute and deliver mortgages, deeds of trust, to pledge or encumber property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired and wherever situated, as well as the revenues and income therefrom or to otherwise pledge or encumber any or all of the Cooperative’s property or assets as security.