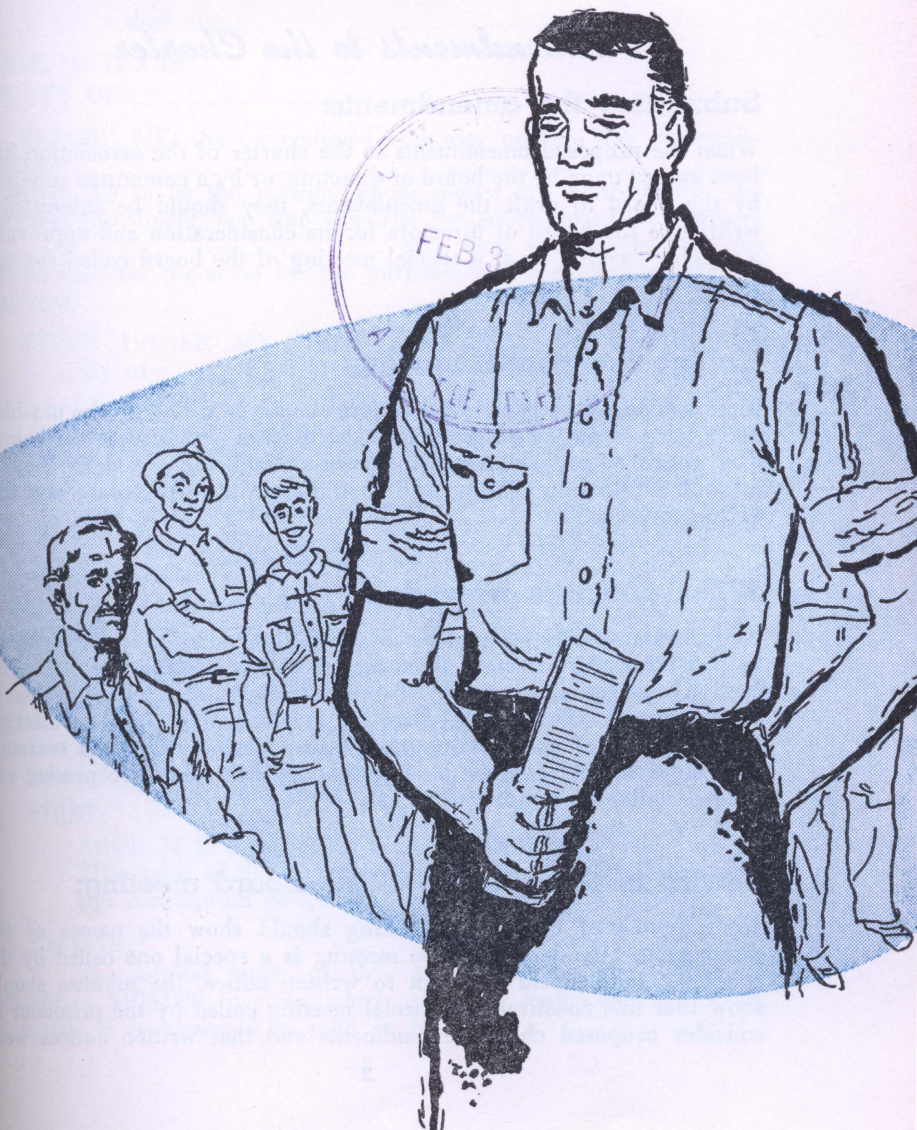


How to Amend

THE CHARTER AND BYLAWS OF A
FARMERS COOPERATIVE ASSOCIATION



TEXAS AGRICULTURAL EXTENSION SERVICE
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How to Amend the Charter and Bylaws of a Farmers Cooperative Association

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THE TEXAS A. & M. COLLEGE SYSTEM

Amendments to the Charter

Submitting the amendments:

When the proposed amendments to the charter of the association have been agreed upon by the board of directors, or by a committee appointed by the board to draft the amendments, they should be submitted in writing to the board of directors for its consideration and approval at a regular meeting or at a special meeting of the board called for such purpose.

Calling the board meeting:

The meeting of the board of directors should be called by the president and notice of the meeting given in the manner provided in the bylaws. The notice should state that the meeting is being called to consider amendments to the charter, and should state the date, place and time of the meeting.

When notice is waived:

Notice of a special meeting called by the president may be dispensed with if *all* of the directors waive notice of the meeting in writing and such written waivers are placed in the records of the association by the secretary. If all of the directors are present at a called meeting, formal notice of the call may be waived verbally and the secretary may enter in the minutes the fact that all directors were present and waived notice of the call.

Entries in the minutes of the board meeting:

The minutes of the board meeting should show the names of the directors in attendance. If the meeting is a special one called by the president and is held pursuant to written notice, the minutes should show that this constituted a special meeting called by the president to consider proposed charter amendments and that written notices were

sent to the directors in conformity with the bylaws. After the proposed amendments have been read, discussed and approved in final form by *two-thirds* or more of the directors, they should appear in full in the minutes of the meeting. The minutes should show that the amendments were approved by two-thirds or more of the directors.

Submitting amendments to the members:

Under the provision of Article 5745 of the Revised Civil Statutes of Texas, as amended, the proposed amendments to the charter of the association must be adopted "by a vote representing a majority of *all* members of the association." The amendments may be adopted at any regular annual meeting of the association or at a special meeting of the members, called for the purpose of adopting such amendments.

If the board of directors decides that a special meeting should be called for this purpose, the president should set the date and place of the meeting and instruct the secretary to send notices to all members, stating the purpose for which the meeting is being called and giving the date, place and time. A brief statement of the proposed amendments to be voted on should be included in the notice.

If the proposed amendments are to be voted on by the members at the regular annual meeting it is considered good form to notify each member in writing of the amendments to be voted on. Some bylaws specifically state that the members are to be notified in writing prior to the annual meeting if a charter amendment is to be voted on.

When the membership meeting is convened, the president should ascertain that a majority of the members are in attendance in the meeting. The proposed amendments should be read to the members. The members should be given an opportunity to discuss the advisability of adopting the amendments. When the discussion is concluded, a motion should be made and seconded that the amendments be adopted whereupon the amendments should be voted on. The president should make certain that the amendments are adopted by the affirmative vote of a *majority* of all members of the association.

Minutes of the members' meeting:

The secretary should record in the minutes the time, place and date the meeting was held; that the meeting was duly and regularly called, convened and held in accordance with the bylaws of the association; that more than a majority of the members of the association were present and voting; and that the proposed amendments theretofore approved by the board of directors were submitted to and adopted by a vote representing a *majority of all members* of the association. The amendments should appear in full in the minutes.

Submitting the amendments to the Secretary of State:

The amendments to the charter of an association are not effective until they have been filed with and approved by the Secretary of State. The following procedures should be followed in accomplishing this:

(a) A form similar to the one which follows should be prepared, showing the amendments which were adopted by the association.

(b) When preparing this form be sure that the *correct* name of the association is shown therein, as the name appears in the original charter. This form should be signed and acknowledged by all members of the board of directors.

(c) The completed form should be transmitted to the Secretary of State at Austin, Texas, together with a cashier's check or post office money order in the amount of \$2.50.

(d) In due course, the association will receive from the Secretary of State a photostatic copy of the amendment bearing his certificate of filing. This photostatic copy should be placed in the permanent files of the association.

AMENDMENT TO ARTICLES OF INCORPORATION OF

(Insert exact corporate name of association)

STATE OF TEXAS

COUNTY OF _____

WHEREAS, at a meeting of the Board of Directors of _____ of _____, Texas, (a corporation organized and chartered under the laws of the State of Texas), duly and regularly called, convened and held in accordance with the bylaws of said organization at _____, Texas on the _____ day of _____, 19____, at which meeting a quorum was present, more than two-thirds (2/3) of said directors voted to amend the Articles of Incorporation of said organization as hereinafter stated; and

WHEREAS, at the annual membership meeting of said organization, duly and regularly held in accordance with its bylaws at _____, Texas, on the _____ day of _____, 19____, a quorum being present and voting, said members, by a vote representing a majority of all of the members of said organization, adopted the amendments to the Articles of Incorporation, hereinafter stated, such being identical with the amendments recommended and approved by the board of directors as aforesaid.

NOW, THEREFORE, we, the undersigned, constituting all of the members of the Board of Directors of _____

of _____, Texas, in furtherance of such action, do hereby amend its Articles of Incorporation as follows:

(Type the amendments in this space)
(Sample amendments appear on page 6.)

IN TESTIMONY WHEREOF, we hereunto sign our names this the _____ day of _____, A. D., 19____.

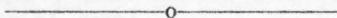
(NOTE: All members of the _____
Board of Directors _____
shall sign) _____

STATE OF TEXAS
COUNTY OF _____

BEFORE ME, the undersigned authority on this day personally appeared _____, _____, _____, _____, known to me to be the persons whose names are subscribed to the foregoing instrument, and who comprise the entire Board of Directors of _____ and each acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this _____ day of _____ A.D., 19____.

Notary Public in and for
_____ County, Texas



COMMENTS: When effecting an amendment to only a portion of a section or article, care should be exercised to see that the amendment does not conflict with other provisions in the section or article or with other portions of the charter. Ordinarily, it is preferable to amend a section or article in its entirety than to amend only a portion thereof. The following are examples of different types of amendments:

FIRST:

Article II is amended to read as follows:
"The name of this organization shall be 'Farmers Cooperative Gin Association of Cotton, Texas'."

SECOND:

The capital stock of this association is increased from \$75,000 to \$100,000 to effect which, the first sentence of Section I of Article V is amended to read as follows:

"This organization shall have a capital stock of \$100,000 which shall be divided into 99,000 shares of preferred stock of a par value of \$1 per share and 1,000 shares of common stock of a par value of \$1 per share."

THIRD:

Section 4 of Article VI is amended to read as follows:
"Patronage dividends shall be paid to members and non-members in the manner provided in the bylaws of this organization."

FOURTH:

Section 3 of Article VII is hereby amended so as to change the word, "may," appearing in the first sentence thereof, so that the same shall read "shall."

Amendments to Bylaws

The bylaws of each association will contain an article setting forth the manner in which the bylaws may be amended. It is recommended that the board of directors study the provisions of the bylaws relating to amendment, the calling of special stockholders' meetings and the giving of notice thereof, and comply with all of such provisions when effecting amendments to the bylaws.

The procedure outlined for the association to follow when effecting charter amendments might be helpful as a guide when amending bylaws. However, it is not necessary that bylaw amendments first be approved by the board of directors of the association nor should copies of amendments to the bylaws be submitted to the Secretary of State.