§ 981. Use of "cooperative.": Cooperatives

A corporation formed under chapters 1 and 17 of this title shall not have the word "cooperative" or any abbreviation thereof as part of its name, unless the corporation is a worker cooperative corporation organized under chapter 8 of this title, a cooperative housing corporation organized under chapter 14 of this title, or the articles of association contain all of the following provisions:

(1) Each shareholder shall have only one vote in all matters pertaining to the management of the corporation.

(2) The interest or dividend on the paid up capital stock of the corporation shall not exceed six percent per annum.

(3) There shall be set aside annually not less than ten percent of the net profits of the corporation for a reserve fund until there is accumulated a fund of not less than 50 percent of the paid up capital stock.

(4) The remainder of the earnings, or any part thereof, shall be distributed by a uniform dividend upon the amount of purchases or sales through the corporation by the shareholders, or the amount of raw material furnished to, or business done through, the corporation by the shareholders; and such profits or earnings shall be distributed as often as once in 12 months.

(5) Not more than ten percent of the capital stock of such corporation shall be owned by any one member.

(6) Certificates of stock in cooperative corporations shall contain a statement on the face thereof that the holder is entitled to only one vote thereon.