**§1501. Definitions**

In this subchapter, unless the subject matter requires otherwise:

**1. Association.**  "Association" means a group enterprise legally incorporated under this subchapter and shall be deemed to be a nonprofit corporation.

**2. Cooperative basis.**  "Cooperative basis" as applied to any incorporated or unincorporated group referred to in subsequent sections of this subchapter means:

A. That each member has one vote and only one vote, except as may be altered in the articles or bylaws by provisions for voting by member organizations;

B. That the maximum rate at which any return is paid on share or membership capital is limited to not more than 6%; and

C. That the net savings after payment, if any, of said limited return on capital and after making provision for such separate funds as may be required or specifically permitted by statute, articles or bylaws shall be allocated or distributed to member patrons, or to all patrons, in proportion to their patronage; or retained by the enterprise for the actual or potential expansion of its services or the reductions of its charges to the patrons, or for other purposes not inconsistent with its nonprofit character.

**3. Member.**  "Member" means not only a member in a nonshare association but also a member in a share association.

**4. Net savings.**  "Net savings" means the total income of an association minus the costs of operation.

**5. Savings returns.**  "Savings returns" means the amount returned to the patrons in proportion to their patronage or otherwise in accordance with this subchapter.

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