(a) The recipient's name, address, and professional designation;
(b) The name, strength, and quantity of the drug samples delivered;
(c) The name or identification of the manufacturer and of the individual distributing the drug sample; and
(d) The dated signature of the practitioner requesting the drug sample.

(3) No fee or charge may be imposed for sample drugs distributed in this state.

(4) A manufacturer's representative shall not possess legend drugs or controlled substances other than those distributed by the manufacturer they represent. Nothing in this section prevents a manufacturer's representative from possessing a legally prescribed and dispensed legend drug or controlled substance.

NEW SECTION. Sec. 3. This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and shall take effect immediately.

Passed the House April 12, 1989.
Approved by the Governor April 22, 1989.
Filed in Office of Secretary of State April 22, 1989.
Be it enacted by the Legislature of the State of Washington:

GENERAL PROVISIONS

NEW SECTION. Sec. 1. SHORT TITLE. This title shall be known and may be cited as the "Washington business corporation act."

NEW SECTION. Sec. 2. RESERVATION OF POWER TO AMEND OR REPEAL. The legislature has power to amend or repeal all or part of this title at any time and all domestic and foreign corporations subject to this title are governed by the amendment or repeal.

NEW SECTION. Sec. 3. FILING REQUIREMENTS. (1) A document must satisfy the requirements of this section, and of any other section that adds to or varies from these requirements, to be entitled to filing by the secretary of state.

(2) This title must require or permit filing the document in the office of the secretary of state.

(3) The document must contain the information required by this title. It may contain other information as well.

(4) The document must be typewritten or printed, and must meet such legibility or other standards as may be prescribed by the secretary of state.

(5) The document must be in the English language. A corporate name need not be in English if written in English letters or Arabic or Roman numerals, and the certificate of existence required of foreign corporations need not be in English if accompanied by a reasonably authenticated English translation.

(6) The document must be executed:

(a) By the chairperson of the board of directors of a domestic or foreign corporation, by its president, or by another of its officers;

(b) If directors have not been selected or the corporation has not been formed, by an incorporator; or

(c) If the corporation is in the hands of a receiver, trustee, or other court-appointed fiduciary, by that fiduciary.

(7) The person executing the document shall sign it and state beneath or opposite the signature the name of the person and the capacity in which the person signs. The document may but need not contain: (a) The corporate seal; (b) an attestation by the secretary or an assistant secretary; or (c) an acknowledgment, verification, or proof.

(8) If the secretary of state has prescribed a mandatory form for the document under section 4 of this act, the document must be in or on the prescribed form.

(9) The document must be delivered to the office of the secretary of state for filing and must be accompanied by one exact or conformed copy,
the correct filing fee or charge, including license fee, penalty and service fee, and any attachments which are required for the filing.

NEW SECTION. Sec. 4. FORMS. The secretary of state may prescribe and furnish on request, forms for: (1) An application for a certificate of existence; (2) a foreign corporation's application for a certificate of authority to transact business in this state; (3) a foreign corporation's application for a certificate of withdrawal; (4) the annual report; and (5) such other forms not in conflict with this title as may be prescribed by the secretary of state. If the secretary of state so requires, use of these forms is mandatory.

NEW SECTION. Sec. 5. FILING, SERVICE, AND COPYING FEES. (1) The secretary of state shall collect in accordance with the provisions of this title:

(a) Fees for filing documents and issuing certificates;
(b) Miscellaneous charges;
(c) License fees as provided in sections 16 through 21 of this act;
(d) Penalty fees; and
(e) Other fees as the secretary of state may establish by rule adopted under chapter 34.05 RCW.

(2) The secretary of state shall collect the following fees when the documents described in this subsection are delivered for filing:

(a) One hundred seventy-five dollars, pursuant to sections 18 and 20 of this act, for:
   (i) Articles of incorporation; and
   (ii) Application for certificate of authority;
(b) Twenty-five dollars for:
   (i) Articles of correction;
   (ii) Amendment of articles of incorporation;
   (iii) Restatement of articles of incorporation, with or without amendment;
   (iv) Articles of merger or share exchange;
   (v) Articles of revocation of dissolution;
   (vi) Application for amended certificate of authority; and
   (vii) Application for reinstatement;
(c) Ten dollars for:
   (i) Application for reservation, registration, or assignment of reserved name;
   (ii) Corporation's statement of change of registered agent or registered office, or both;
   (iii) Agent's resignation, or statement of change of registered office, or both, for each affected corporation;
   (iv) Annual report; and
   (v) Any document not listed in this subsection that is required or permitted to be filed under this title;
(d) No fee for:
(i) Agent's consent to act as agent;
(ii) Agent's resignation, if appointed without consent;
(iii) Articles of dissolution;
(iv) Certificate of reinstatement;
(v) Certificate of judicial dissolution;
(vi) Application for certificate of withdrawal; and
(vii) Certificate of revocation of authority to transact business.

(3) The secretary of state shall collect a fee of twenty-five dollars per defendant served, upon being served process under this title. The party to a proceeding causing service of process is entitled to recover this fee as costs if such party prevails in the proceeding.

(4) The secretary of state shall collect from every person, except corporations organized under the laws of this state for which existing law provides a different fee schedule:

(a) For furnishing a certified copy of any document, instrument, or paper relating to a corporation, ten dollars for the certificate, plus twenty cents for each page copied;

(b) For furnishing a certificate, under seal, attesting to the existence of a corporation, or any other certificate, ten dollars; and

(c) For furnishing copies of any document, instrument, or paper relating to a corporation, one dollar for the first page and twenty cents for each page copied thereafter.

(5) For annual license fees for domestic and foreign corporations, see sections 16, 17, 19, and 21 of this act. For penalties for nonpayment of annual license fees and failure to complete annual report, see section 23 of this act.

NEW SECTION. Sec. 6. EFFECTIVE TIME AND DATE OF DOCUMENT. (1) Except as provided in subsection (2) of this section and section 7(3) of this act, a document accepted for filing is effective on the date it is filed by the secretary of state and at the time on that date specified in the document. If no time is specified in the document, the document is effective at the close of business on the date it is filed by the secretary of state.

(2) If a document specifies a delayed effective time and date, the document becomes effective at the time and date specified. If a document specifies a delayed effective date but no time is specified, the document is effective at the close of business on that date. A delayed effective date for a document may not be later than the ninetieth day after the date it is filed.

(3) When a document is received for filing by the secretary of state in a form which complies with the requirements of this title and which would entitle the document to be filed on receipt, but the secretary of state's approval action occurs subsequent to the date of receipt, the secretary of
state's filing date shall relate back to and be shown as the date on which the secretory of state first received the document in acceptable form.

NEW SECTION. Sec. 7. CORRECTING FILED DOCUMENT. (1) A domestic or foreign corporation may correct a document filed by the secretary of state if the document (a) contains an incorrect statement; or (b) was defectively executed, attested, sealed, verified, or acknowledged.

(2) A document is corrected:

(a) By preparing articles of correction that (i) describe the document, including its filing date, or attach a copy of it to the articles of correction, (ii) specify the incorrect statement and the reason it is incorrect or the manner in which the execution was defective, and (iii) correct the incorrect statement or defective execution; and

(b) By delivering the articles of correction to the secretary of state for filing.

(3) Articles of correction are effective on the effective date of the document they correct except as to persons relying on the uncorrected document and adversely affected by the correction. As to those persons, articles of correction are effective when filed.

NEW SECTION. Sec. 8. FILING DUTY OF SECRETARY OF STATE. (1) If a document delivered to the office of the secretary of state for filing satisfies the requirements of section 3 of this act, the secretary of state shall file it.

(2) The secretary of state files a document by stamping or otherwise endorsing "Filed," together with the secretary of state's name and official title and the date of filing, on both the original and the document copy. After filing a document, the secretary of state shall deliver the document copy to the domestic or foreign corporation or its representative.

(3) If the secretary of state refuses to file a document, the secretary of state shall return it to the domestic or foreign corporation or its representative, together with a brief written explanation of the reason for the refusal.

(4) The secretary of state's duty to file documents under this section is ministerial. Filing or refusal to file a document does not:

(a) Affect the validity or invalidity of the document in whole or part;

(b) Relate to the correctness or incorrectness of information contained in the document; or

(c) Create a presumption that the document is valid or invalid or that information contained in the document is correct or incorrect.

NEW SECTION. Sec. 9. JUDICIAL REVIEW OF SECRETARY OF STATE'S REFUSAL TO FILE DOCUMENT. If the secretary of state refuses to file a document delivered to the office for filing, the person submitting the document, in addition to any other legal remedy which may be available, shall have the right to judicial review of such refusal pursuant to the provisions of chapter 34.05 RCW.
NEW SECTION. Sec. 10. EVIDENTIARY EFFECT OF COPY OF FILED DOCUMENT. A certificate bearing the manual or facsimile signature of the secretary of state and the seal of the state, when attached to or located on a document or a copy of a document filed by the secretary of state, is conclusive evidence that the original document is on file with the secretary of state.

NEW SECTION. Sec. 11. CERTIFICATE OF EXISTENCE OR AUTHORIZATION. (1) Any person may apply to the secretary of state to furnish a certificate of existence for a domestic corporation or a certificate of authorization for a foreign corporation.

(2) A certificate of existence or authorization means that as of the date of its issuance:

(a) The domestic corporation is duly incorporated under the laws of this state, or that the foreign corporation is authorized to transact business in this state;

(b) All fees and penalties owed to this state under this title have been paid, if (i) payment is reflected in the records of the secretary of state, and (ii) nonpayment affects the existence or authorization of the domestic or foreign corporation;

(c) The corporation's most recent annual report required by section 187 of this act has been delivered to the secretary of state; and

(d) Articles of dissolution or an application for withdrawal have not been filed by the secretary of state.

(3) A person may apply to the secretary of state to issue a certificate covering any fact of record.

(4) Subject to any qualification stated in the certificate, a certificate of existence or authorization issued by the secretary of state may be relied upon as conclusive evidence that the domestic or foreign corporation is in existence or is authorized to transact business in the corporate form in this state.

NEW SECTION. Sec. 12. PENALTY FOR SIGNING FALSE DOCUMENT. Any person who signs a document such person knows is false in any material respect with intent that the document be delivered to the secretary of state for filing is guilty of a gross misdemeanor punishable under chapter 9A.20 RCW.

NEW SECTION. Sec. 13. POWERS. The secretary of state has the power reasonably necessary to perform the duties required of the secretary of state by this title, including adoption, amendment, or repeal of rules for the efficient administration of this title.

NEW SECTION Sec. 14. TITLE DEFINITIONS. Unless the context clearly requires otherwise, the definitions in this section apply throughout this title.
(1) "Articles of incorporation" include amended and restated articles of incorporation and articles of merger.

(2) "Authorized shares" means the shares of all classes a domestic or foreign corporation is authorized to issue.

(3) "Conspicuous" means so written that a reasonable person against whom the writing is to operate should have noticed it. For example, printing in italics or boldface or contrasting color, or typing in capitals or underlined, is conspicuous.

(4) "Corporation" or "domestic corporation" means a corporation for profit, which is not a foreign corporation, incorporated under or subject to the provisions of this title.

(5) "Deliver" includes mailing.

(6) "Distribution" means a direct or indirect transfer of money or other property, except its own shares, or incurrence of indebtedness by a corporation to or for the benefit of its shareholders in respect to any of its shares. A distribution may be in the form of a declaration or payment of a dividend; a purchase, redemption, or other acquisition of shares; a distribution of indebtedness; or otherwise.

(7) "Effective date of notice" has the meaning provided in section 15 of this act.

(8) "Employee" includes an officer but not a director. A director may accept duties that make the director also an employee.

(9) "Entity" includes a corporation and foreign corporation, not-for-profit corporation, profit and not-for-profit unincorporated association, business trust, estate, partnership, trust, and two or more persons having a joint or common economic interest, and the state, United States, and a foreign government.

(10) "Foreign corporation" means a corporation for profit incorporated under a law other than the law of this state.

(11) "Governmental subdivision" includes authority, county, district, and municipality.

(12) "Includes" denotes a partial definition.

(13) "Individual" includes the estate of an incompetent or deceased individual.

(14) "Means" denotes an exhaustive definition.

(15) "Notice" has the meaning provided in section 15 of this act.

(16) "Person" includes an individual and an entity.

(17) "Principal office" means the office, in or out of this state, so designated in the annual report where the principal executive offices of a domestic or foreign corporation are located.

(18) "Proceeding" includes civil suit and criminal, administrative, and investigatory action.

(19) "Public company" means a corporation that has a class of shares registered with the federal securities and exchange commission pursuant to
section 12 of the securities exchange act of 1934, or section 8 of the Investment company act of 1940, or any successor statute, and that has more than three hundred holders of record of its shares.

(20) "Record date" means the date established under sections 60 through 79 of this act on which a corporation determines the identity of its shareholders and their shareholdings for purposes of this title. The determinations shall be made as of the close of business on the record date unless another time for doing so is specified when the record date is fixed.

(21) "Secretary" means the corporate officer to whom the board of directors has delegated responsibility under section 100(3) of this act for custody of the minutes of the meetings of the board of directors and of the shareholders and for authenticating records of the corporation.

(22) "Shares" means the units into which the proprietary interests in a corporation are divided.

(23) "Shareholder" means the person in whose name shares are registered in the records of a corporation or the beneficial owner of shares to the extent of the rights granted by a nominee certificate on file with a corporation.

(24) "State," when referring to a part of the United States, includes a state and commonwealth, and their agencies and governmental subdivisions, and a territory and insular possession, and their agencies and governmental subdivisions, of the United States.

(25) "Subscriber" means a person who subscribes for shares in a corporation, whether before or after incorporation.

(26) "United States" includes a district, authority, bureau, commission, department, and any other agency of the United States.

(27) "Voting group" means all shares of one or more classes or series that under the articles of incorporation or this title are entitled to vote and be counted together collectively on a matter at a meeting of shareholders. All shares entitled by the articles of incorporation or this title to vote generally on the matter are for that purpose a single voting group.

NEW SECTION. Sec. 15. NOTICE. (1) Notice under this title must be in writing except that oral notice of any meeting of the board of directors may be given if expressly authorized by the articles of incorporation or bylaws.

(2) Written notice may be transmitted by: Mail, private carrier or personal delivery; telegraph or teletype; or telephone, wire or wireless equipment which transmits a facsimile of the notice. If these forms of written notice are impracticable, written notice may be transmitted by an advertisement in a newspaper of general circulation in the area where published. Oral notice may be communicated in person or by telephone, wire or wireless equipment which does not transmit a facsimile of the notice. If these forms of oral notice are impracticable, oral notice may be
communicated by radio, television, or other form of public broadcast communication.

(3) Written notice by a domestic or foreign corporation to its shareholder, if in a comprehensible form, is effective when mailed, if mailed with first-class postage prepaid and correctly addressed to the shareholder's address shown in the corporation's current record of shareholders.

(4) Written notice to a domestic or foreign corporation, authorized to transact business in this state, may be addressed to its registered agent at its registered office or to the corporation or its secretary at its principal office shown in its most recent annual report or, in the case of a foreign corporation that has not yet delivered an annual report, in its application for a certificate of authority.

(5) Except as provided in subsection (3) of this section, written notice, if in a comprehensible form, is effective at the earliest of the following:
   (a) When received;
   (i) Five days after its deposit in the United States mail, as evidenced by the postmark, if mailed with first-class postage, prepaid and correctly addressed; or
   (ii) On the date shown on the return receipt, if sent by registered or certified mail, return receipt requested, and the receipt is signed by or on behalf of the addressee.
   (b) Oral notice is effective when communicated if communicated in a comprehensible manner.
   (c) If this title prescribes notice requirements for particular circumstances, those requirements govern. If articles of incorporation or bylaws prescribe notice requirements, not inconsistent with this section or other provisions of this title, those requirements govern.

NEW SECTION. Sec. 16. DOMESTIC CORPORATIONS—NOTICE OF DUE DATE FOR PAYMENT OF ANNUAL LICENSE FEE AND FILING ANNUAL REPORT. Not less than thirty nor more than ninety days prior to July 1st of each year or to the expiration date of any staggered yearly license, the secretary of state shall mail to each domestic corporation, at its registered office within the state, by first class mail, a notice that its annual license fee must be paid and its annual report must be filed as required by this title, and stating that if any domestic corporation shall fail to pay its annual license fee or to file its annual report it shall be dissolved and cease to exist. Failure of the secretary of state to mail any such notice shall not relieve a corporation from its obligations to pay the annual license fees and to file the annual reports required by this title.

NEW SECTION. Sec. 17. FOREIGN CORPORATIONS—NOTICE OF DUE DATE FOR PAYMENT OF ANNUAL LICENSE FEE AND FILING ANNUAL REPORT. Not less than thirty nor more than ninety days prior to July 1st of each year or to the expiration date of any staggered yearly license, the secretary of state shall mail to each foreign
corporation qualified to do business in this state, by first class mail address-
ed to its registered office, a notice that its annual license fee must be paid
and its annual report must be filed as required by this title, and stating that
if it shall fail to pay its annual license fee or to file its annual report its
certificate of authority to transact business within this state may be revoked.
Failure of the secretary of state to mail any such notice shall not relieve a
corporation from its obligations to pay the annual license fees and to obtain
or file the annual reports required by this title.

NEW SECTION. Sec. 18. DOMESTIC CORPORATIONS—FEE
FOR FILING ARTICLES OF INCORPORATION AND FOR FIRST
YEAR'S LICENSE. Every domestic corporation, except one for which ex-
isting law provides a different fee schedule, shall pay for filing of its articles
of incorporation and its first year's license a fee of one hundred seventy-five
dollars.

NEW SECTION. Sec. 19. DOMESTIC CORPORATIONS—
ANNUAL LICENSE FEE. For the privilege of doing business, every cor-
poration organized under the laws of this state, except the corporations for
which existing law provides a different fee schedule, shall make and file a
statement in the form prescribed by the secretary of state and shall pay an
annual license fee each year following incorporation, on or before the expi-
ration date of its corporate license, to the secretary of state. The secretary
of state shall collect an annual license fee of fifty dollars.

NEW SECTION. Sec. 20. FOREIGN CORPORATIONS—FIL-
LING AND LICENSE FEES ON QUALIFICATION. A foreign corpora-
tion doing an intrastate business or seeking to do an intrastate business in
the state of Washington shall qualify so to do in the manner prescribed in
this title and shall pay for the privilege of so doing the filing and license fees
prescribed in this title for domestic corporations, including the same fees as
are prescribed in section 18 of this act, for the filing of articles of incorpo-
ration of a domestic corporation.

NEW SECTION. Sec. 21. FOREIGN CORPORATIONS—AN-
NUAL LICENSE FEES. All foreign corporations doing intrastate busi-
ness, or hereafter seeking to do intrastate business in this state shall pay for
the privilege of doing such intrastate business in this state the same fees as
are prescribed by section 19 of this act for domestic corporations for annual
license fees. All license fees shall be paid on or before the first day of July
of each and every year or on the annual license expiration date as the sec-
retary of state may establish under this title.

NEW SECTION. Sec. 22. LICENSE FEES FOR REINSTATED
CORPORATION. (1) A corporation seeking reinstatement shall pay the
full amount of all annual corporation license fees which would have been
assessed for the license years of the period of administrative dissolution had
the corporation been in active status, plus a surcharge of twenty-five percent, and the license fee for the year of reinstatement.

(2) The penalties herein established shall be in lieu of any other penalties or interest which could have been assessed by the secretary of state under the corporation laws or which, under those laws, would have accrued during any period of delinquency, dissolution, or expiration of corporate duration.

NEW SECTION. Sec. 23. PENALTY FOR NONPAYMENT OF ANNUAL LICENSE FEES AND FAILURE TO COMPLETE ANNUAL REPORT—PAYMENT OF DELINQUENT FEES. In the event any corporation, foreign or domestic, shall do business in this state without having paid its annual license fee or substantially completed its annual report when due, there shall become due and owing the state of Washington a penalty of twenty-five dollars.

A corporation organized under this title may at any time prior to its dissolution as provided in section 160 of this act, and a foreign corporation qualified to do business in this state may at any time prior to the revocation of its certificate of authority as provided in section 180 of this act, pay to the state of Washington its current annual license fee, provided it also pays an amount equal to all previously unpaid annual license fees plus the penalty specified in this section.

NEW SECTION. Sec. 24. WAIVER OF PENALTY FEES. The secretary of state may, where exigent or mitigating circumstances are presented, waive penalty fees and reinstate to full active status any licensed corporation previously in good standing which would otherwise be penalized or lose its active status. Any corporation desiring to seek relief under this section shall, within fifteen days of discovery by corporate officials of the missed filing or lapse, notify the secretary of state in writing. The notification shall include the name and mailing address of the corporation, the corporate officer to whom correspondence should be sent, and a statement under oath by a responsible corporate officer, setting forth the nature of the missed filing or lapse, the circumstances giving rise to the missed filing or lapse, and the relief sought. Upon receipt of the notice, the secretary of state shall investigate the circumstances of the missed filing or lapse. If the secretary of state is satisfied that sufficient exigent or mitigating circumstances exist, that the corporation has demonstrated good faith and a reasonable attempt to comply with the applicable corporate license statutes of this state, that disproportionate harm would occur to the corporation if relief were not granted, and that relief would not be contrary to the public interest expressed in this title, the secretary may issue an order allowing relief from the penalty stating the basis for the relief and specifying any terms and conditions of the relief. If the secretary of state determines the request does not comply with the requirements for relief, the secretary shall issue an order denying the requested relief and stating the reasons for the denial.
Any denial of relief by the secretary of state is not reviewable notwithstanding the provisions of chapter 34.05 RCW. The secretary of state shall keep records of all requests for relief and the disposition of the requests. The secretary of state shall annually report to the legislature the number of relief requests received in the preceding year and a summary of the secretary's disposition of the requests.

NEW SECTION, Sec. 25. PUBLIC SERVICE COMPANIES ENTITLED TO DEDUCTIONS. The annual fee required to be paid to the Washington utilities and transportation commission by any public service corporation shall be deducted from the annual license fee provided in this title and the excess only shall be collected.

It shall be the duty of the commission to furnish to the secretary of state on or before July 1st of each year a list of all public service corporations with the amount of annual license fees paid to the commission for the current year.

INCORPORATION

NEW SECTION, Sec. 26. INCORPORATORS. One or more persons may act as the incorporator or incorporators of a corporation by delivering articles of incorporation to the secretary of state for filing.

NEW SECTION, Sec. 27. ARTICLES OF INCORPORATION. (1) The articles of incorporation must set forth:

(a) A corporate name for the corporation that satisfies the requirements of section 37 of this act;

(b) The number of shares the corporation is authorized to issue in accordance with sections 44 and 45 of this act;

(c) The street address of the corporation's initial registered office and the name of its initial registered agent at that office in accordance with section 40 of this act; and

(d) The name and address of each incorporator in accordance with section 26 of this act.

(2) The articles of incorporation or bylaws must either specify the number of directors or specify the process by which the number of directors will be fixed, unless the articles of incorporation dispense with a board of directors pursuant to section 80 of this act.

(3) Unless its articles of incorporation provide otherwise, a corporation is governed by the following provisions:

(a) The board of directors may adopt bylaws to be effective only in an emergency as provided by section 32 of this act;

(b) A corporation has the purpose of engaging in any lawful business under section 33 of this act;

(c) A corporation has perpetual existence and succession in its corporate name under section 34 of this act;
(d) A corporation has the same powers as an individual to do all things necessary or convenient to carry out its business and affairs, including itemized powers under section 34 of this act;

(e) All shares are of one class and one series, have unlimited voting rights, and are entitled to receive the net assets of the corporation upon dissolution under sections 44 and 45 of this act;

(f) If more than one class of shares is authorized, all shares of a class must have preferences, limitations, and relative rights identical to those of other shares of the same class under section 44 of this act;

(g) If the board of directors is authorized to designate the number of shares in a series, the board may, after the issuance of shares in that series, reduce the number of authorized shares of that series under section 45 of this act;

(h) The board of directors must authorize any issuance of shares under section 49 of this act;

(i) Shares may be issued pro rata and without consideration to shareholders under section 51 of this act;

(j) Shares of one class or series may not be issued as a share dividend with respect to another class or series, unless there are no outstanding shares of the class or series to be issued, or a majority of votes entitled to be cast by such class or series approve as provided in section 51 of this act;

(k) A corporation may issue rights, options, or warrants for the purchase of shares of the corporation under section 52 of this act;

(l) A shareholder has, and may waive, a preemptive right to acquire the corporation's unissued shares as provided in section 57 of this act;

(m) Shares of a corporation acquired by it may be reissued under section 58 of this act;

(n) The board may authorize and the corporation may make distributions not prohibited by statute under section 59 of this act;

(o) The preferential rights upon dissolution of certain shareholders will be considered a liability for purposes of determining the validity of a distribution under section 59 of this act;

(p) Unless this title requires otherwise, the corporation is required to give notice only to shareholders entitled to vote at a meeting and the notice for an annual meeting need not include the purpose for which the meeting is called under section 64 of this act;

(q) A corporation that is a public company shall hold a special meeting of shareholders if the holders of at least ten percent of the votes entitled to be cast on any issue proposed to be considered at the meeting demand a meeting under section 61 of this act;

(r) Subject to statutory exceptions, each outstanding share, regardless of class, is entitled to one vote on each matter voted on at a shareholders' meeting under section 69 of this act;
(s) A majority of the votes entitled to be cast on a matter by a voting group constitutes a quorum, unless the title provides otherwise under sections 73 and 75 of this act;

(t) Action on a matter, other than election of directors, by a voting group is approved if the votes cast within the voting group favoring the action exceed the votes cast opposing the action, unless this title requires a greater number of affirmative votes under section 73 of this act;

(u) All shares of one or more classes or series that are entitled to vote will be counted together collectively on any matter at a meeting of shareholders under section 74 of this act;

(v) Directors are elected by cumulative voting under section 76 of this act;

(w) Directors are elected by a plurality of votes cast by shares entitled to vote under section 76 of this act;

(x) A corporation must have a board of directors under section 80 of this act;

(y) All corporate powers must be exercised by or under the authority of, and the business and affairs of the corporation managed under the direction of, its board of directors under section 80 of this act;

(z) The shareholders may remove one or more directors with or without cause under section 87 of this act;

(aa) A vacancy on the board of directors may be filled by the shareholders or the board of directors under section 89 of this act;

(bb) A corporation shall indemnify a director who was wholly successful in the defense of any proceeding to which the director was a party because the director is or was a director of the corporation against reasonable expenses incurred by the director in connection with the proceeding under section 107 of this act;

(cc) A director of a corporation who is a party to a proceeding may apply for indemnification of reasonable expenses incurred by the director in connection with the proceeding to the court conducting the proceeding or to another court of competent jurisdiction under section 109 of this act;

(dd) An officer of the corporation who is not a director is entitled to mandatory indemnification under section 107 of this act, and is entitled to apply for court-ordered indemnification under section 109 of this act, in each case to the same extent as a director under section 112 of this act;

(ee) The corporation may indemnify and advance expenses to an officer, employee, or agent of the corporation who is not a director to the same extent as to a director under section 112 of this act;

(ff) A corporation may indemnify and advance expenses to an officer, employee, or agent who is not a director to the extent, consistent with law, that may be provided by its articles of incorporation, bylaws, general or specific action of its board of directors, or contract under section 112 of this act;
A corporation's board of directors may adopt certain amendments to the corporation's articles of incorporation without shareholder action under section 121 of this act;

Unless the title or the board of directors require a greater vote or a vote by voting groups, an amendment to the corporation's articles of incorporation must be approved by each voting group entitled to vote on the proposed amendment by two-thirds, or, in the case of a public company, a majority, of all the votes entitled to be cast by that voting group under section 122 of this act;

A corporation's board of directors may amend or repeal the corporation's bylaws unless this title reserves this power exclusively to the shareholders in whole or in part, or unless the shareholders in amending or repealing a bylaw provide expressly that the board of directors may not amend or repeal that bylaw under section 129 of this act;

Unless this title or the board of directors require a greater vote or a vote by voting groups, a plan of merger or share exchange must be approved by each voting group entitled to vote on the merger or share exchange by two-thirds of all the votes entitled to be cast by that voting group under section 133 of this act;

Approval by the shareholders of the sale, lease, exchange, or other disposition of all, or substantially all, the corporation's property in the usual and regular course of business is not required under section 138 of this act;

Approval by the shareholders of the mortgage, pledge, dedication to the repayment of indebtedness, or other encumbrance of any or all of the corporation's property, whether or not in the usual and regular course of business, is not required under section 138 of this act;

Unless the board of directors requires a greater vote or a vote by voting groups, a sale, lease, exchange, or other disposition of all or substantially all of the corporation's property, other than in the usual and regular course of business, must be approved by each voting group entitled to vote on such transaction by two-thirds of all votes entitled to be cast by that voting group under section 139 of this act;

Unless the board of directors requires a greater vote or a vote by voting groups, a proposal to dissolve must be approved by each voting group entitled to vote on the dissolution by two-thirds of all votes entitled to be cast by that voting group under section 155 of this act; and

A corporation with fewer than three hundred holders of record of its shares does not require special approval of interested shareholder transactions under section 189 of this act.

(4) Unless its articles of incorporation or its bylaws provide otherwise, a corporation is governed by the following provisions:

(a) The board of directors may authorize the issuance of some or all of the shares of any or all of the corporation's classes or series without certificates under section 54 of this act;
(b) A corporation that is not a public company shall hold a special meeting of shareholders if the holders of at least ten percent of the votes entitled to be cast on any issue proposed to be considered at the meeting demand a meeting under section 61 of this act;

(c) A director need not be a resident of this state or a shareholder of the corporation under section 81 of this act;

(d) The board of directors may fix the compensation of directors under section 90 of this act;

(e) Members of the board of directors may participate in a meeting of the board by any means of similar communication by which all directors participating can hear each other during the meeting under section 91 of this act;

(f) Action permitted or required by this title to be taken at a board of directors' meeting may be taken without a meeting if action is taken by all members of the board under section 92 of this act;

(g) Regular meetings of the board of directors may be held without notice of the date, time, place, or purpose of the meeting under section 93 of this act;

(h) Special meetings of the board of directors must be preceded by at least two days' notice of the date, time, and place of the meeting, and the notice need not describe the purpose of the special meeting under section 93 of this act;

(i) A quorum of a board of directors consists of a majority of the number of directors under section 95 of this act;

(j) If a quorum is present when a vote is taken, the affirmative vote of a majority of directors present is the act of the board of directors under section 95 of this act;

(k) A board of directors may create one or more committees and appoint members of the board of directors to serve on them under section 96 of this act; and

(l) Unless approved by the shareholders, a corporation may indemnify, or make advances to, a director for reasonable expenses incurred in the defense of any proceeding to which the director was a party because of being a director only to the extent such action is consistent with sections 105 through 113 of this act.

(5) The articles of incorporation may contain the following provisions:

(a) The names and addresses of the individuals who are to serve as initial directors;

(b) The par value of any authorized shares or classes of shares;

(c) Provisions not inconsistent with law related to the management of the business and the regulation of the affairs of the corporation;

(d) Any provision that under this title is required or permitted to be set forth in the bylaws;
(e) Provisions not inconsistent with law defining, limiting, and regulating the powers of the corporation, its board of directors, and shareholders;

(f) If the articles of incorporation authorize dividing shares into classes, the election of all or a specified number of directors may be effected by the holders of one or more authorized classes of shares under section 83 of this act;

(g) The terms of directors may be staggered under section 85 of this act;

(h) Shares may be redeemable or convertible (i) at the option of the corporation, the shareholder, or another person, or upon the occurrence of a designated event; (ii) for cash, indebtedness, securities, or other property; or (iii) in a designated amount or in an amount determined in accordance with a designated formula or by reference to extrinsic data or events under section 44 of this act; and

(i) A director's personal liability to the corporation or its shareholders for monetary damages for conduct as a director may be eliminated or limited under section 99 of this act.

(6) The articles of incorporation or the bylaws may contain the following provisions:

(a) A restriction on the transfer or registration of transfer of the corporation's shares under section 55 of this act;

(b) Shareholders may participate in a meeting of shareholders by any means of communication by which all persons participating in the meeting can hear each other under section 67 of this act; and

(c) A quorum of the board of directors may consist of as few as one-third of the number of directors under section 95 of this act.

(7) The articles of incorporation need not set forth any of the corporate powers enumerated in this title.

NEW SECTION. Sec. 28. EFFECT OF FILING OF ARTICLES OF INCORPORATION. (1) Unless a delayed effective date is specified, the corporate existence begins when the articles of incorporation are filed.

(2) The secretary of state's filing of the articles of incorporation is conclusive proof that the incorporators satisfied all conditions precedent to the incorporation except in a proceeding by the state to cancel or revoke the incorporation or involuntarily to dissolve the corporation.

NEW SECTION. Sec. 29. LIABILITY FOR PREINCORPORATION TRANSACTIONS. All persons purporting to act as or on behalf of a corporation, knowing there was no incorporation under this title, are jointly and severally liable for liabilities created while so acting except for any liability to any person who also knew that there was no incorporation.

NEW SECTION. Sec. 30. ORGANIZATION OF CORPORATION. (1) Within ninety days after the date on which the corporation's articles of incorporation were filed:
(a) If initial directors are named in the articles of incorporation, the initial directors shall hold an organizational meeting, at the call of a majority of the directors, to complete the organization of the corporation by appointing officers, adopting bylaws, and carrying on any other business brought before the meeting;

(b) If initial directors are not named in the articles, the incorporator or incorporators shall hold an organizational meeting at the call of a majority of the incorporators:

(i) To elect directors and complete the organization of the corporation; or

(ii) To elect a board of directors who shall complete the organization of the corporation.

(2) Action required or permitted by this title to be taken by incorporators at an organizational meeting may be taken without a meeting if the action taken is evidenced by one or more written consents describing the action taken and signed by each incorporator.

(3) An organizational meeting may be held in or out of this state.

(4) Within thirty days after the date of its organizational meeting, the corporation shall file an initial report with the secretary of state containing the information described in section 187(1) of this act.

NEW SECTION. Sec. 31. BYLAWS. (1) The incorporators or board of directors of a corporation shall adopt initial bylaws for the corporation.

(2) The articles of incorporation or bylaws must either specify the number of directors or specify the process by which the number of directors will be fixed, unless the articles of incorporation dispense with a board of directors pursuant to section 80 of this act;

(3) Unless its articles of incorporation or its bylaws provide otherwise, a corporation is governed by the following provisions:

(a) The board of directors may authorize the issuance of some or all of the shares of any or all of the corporation's classes or series without certificates under section 54 of this act;

(b) A corporation that is not a public company shall hold a special meeting of shareholders if the holders of at least ten percent of the votes entitled to be cast on any issue proposed to be considered at the meeting demand a meeting under section 61 of this act;

(c) A director need not be a resident of this state or a shareholder of the corporation under section 81 of this act;

(d) The board of directors may fix the compensation of directors under section 90 of this act;

(e) Members of the board of directors may participate in a meeting of the board by means of a conference telephone or similar communication equipment under section 91 of this act;
(f) Action permitted or required by this title to be taken at a board of directors' meeting may be taken without a meeting if action is taken by all members of the board under section 92 of this act;

(g) Regular meetings of the board of directors may be held without notice of the date, time, place, or purpose of the meeting under section 93 of this act;

(h) Special meetings of the board of directors must be preceded by at least two days' notice of the date, time, and place of the meeting, and the notice need not describe the purpose of the special meeting under section 93 of this act;

(i) A quorum of a board of directors consists of a majority of the number of directors under section 95 of this act;

(j) If a quorum is present when a vote is taken, the affirmative vote of a majority of directors present is the act of the board of directors under section 95 of this act;

(k) A board of directors may create one or more committees and appoint members of the board of directors to serve on them under section 96 of this act; and

(l) Unless approved by shareholders, a corporation may indemnify, or make advances to, a director only for reasonable expenses incurred in the defense of any proceeding to which the director was a party because of being a director to the extent such action is consistent with sections 105 through 113 of this act under section 114 of this act.

(4) The bylaws of a corporation may contain any provision, not in conflict with law or the articles of incorporation, for managing the business and regulating the affairs of the corporation, including but not limited to the following:

(a) A restriction on the transfer or registration of transfer of the corporation's shares under section 55 of this act;

(b) Shareholders may participate in a meeting of shareholders by any means of communication by which all persons participating in the meeting can hear each other under section 67 of this act; and

(c) A quorum of the board of directors may consist of as few as one-third of the number of directors under section 95 of this act.

NEW SECTION. Sec. 32. EMERGENCY BYLAWS. (1) Unless the articles of incorporation provide otherwise, the board of directors of a corporation may adopt bylaws to be effective only in an emergency defined in subsection (4) of this section. The emergency bylaws, which are subject to amendment or repeal by the shareholders, may make all provisions necessary for managing the corporation during the emergency, including:

(a) Procedures for calling a meeting of the board of directors;

(b) Quorum requirements for the meeting; and

(c) Designation of additional or substitute directors.
(2) All provisions of the regular bylaws consistent with the emergency bylaws remain effective during the emergency. The emergency bylaws are not effective after the emergency ends.

(3) Corporate action taken in good faith in accordance with the emergency bylaws:
   (a) Binds the corporation; and
   (b) May not be used to impose liability on a corporate director, officer, employee, or agent.

(4) An emergency exists for purposes of this section if a quorum of the corporation's directors cannot readily be assembled because of some catastrophic event.

PURPOSES AND POWERS

NEW SECTION. Sec. 33. PURPOSES. (1) Every corporation incorporated under this title has the purpose of engaging in any lawful business unless a more limited purpose is set forth in the articles of incorporation.

(2) Corporations organized for the purposes of banking or engaging in business as an insurer shall not be organized under this title.

NEW SECTION. Sec. 34. GENERAL POWERS. (1) Unless its articles of incorporation provide otherwise, every corporation has perpetual duration and succession in its corporate name.

(2) Unless its articles of incorporation provide otherwise, every corporation has the same powers as an individual to do all things necessary or convenient to carry out its business and affairs, including without limitation, power:
   (a) To sue and be sued, complain, and defend in its corporate name;
   (b) To have a corporate seal, which may be altered at will, and to use it, or a facsimile of it, by impressing or affixing it or in any other manner reproducing it;
   (c) To make and amend bylaws, not inconsistent with its articles of incorporation or with the laws of this state, for managing the business and regulating the affairs of the corporation;
   (d) To purchase, receive, lease, or otherwise acquire, and own, hold, improve, use, and otherwise deal with, real or personal property, or any legal or equitable interest in property, wherever located;
   (e) To sell, convey, mortgage, pledge, lease, exchange, and otherwise dispose of all or any part of its property;
   (f) To purchase, receive, subscribe for, or otherwise acquire; own, hold, vote, use, sell, mortgage, lend, pledge, or otherwise dispose of; and deal in and with shares or other interests in, or obligations of, any person;
   (g) To make contracts, incur liabilities, borrow money, issue its notes, bonds, and other obligations, which may be convertible into or include the option to purchase other securities of the corporation, and secure any of its
obligations by mortgage or pledge of any of its property, franchises, or income;

(h) To make guarantees respecting the contracts, securities, or obligations of any person; including, but not limited to, any shareholder, affiliated or unaffiliated individual, domestic or foreign corporation, partnership, association, joint venture or trust, if such guarantee may reasonably be expected to benefit, directly or indirectly, the guarantor corporation. As to the enforceability of the guarantee, the decision of the board of directors that the guarantee may be reasonably expected to benefit, directly or indirectly, the guarantor corporation shall be binding in respect to the issue of benefit to the guarantor corporation;

(i) To lend money, invest and reinvest its funds, and receive and hold real and personal property as security for repayment;

(j) To be a promoter, partner, member, associate, or manager of any partnership, joint venture, trust, or other entity;

(k) To conduct its business, locate offices, and exercise the powers granted by this title within or without this state;

(l) To elect, appoint, or hire officers, employees, and other agents of the corporation, define their duties, fix their compensation, and lend them money and credit;

(m) To fix the compensation of directors, and lend them money and credit;

(n) To pay pensions and establish pension plans, pension trusts, profit sharing plans, share bonus plans, share option plans, and benefit or incentive plans for any or all of its current or former directors, officers, employees, and agents;

(o) To make donations for the public welfare or for charitable, scientific, or educational purposes;

(p) To transact any lawful business that will aid governmental policy; and

(q) To make payments or donations, or do any other act, not inconsistent with law, that furthers the business and affairs of the corporation.

NEW SECTION. Sec. 35. EMERGENCY POWERS. (1) In anticipation of or during an emergency defined in subsection (4) of this section, the board of directors of a corporation may:

(a) Modify lines of succession to accommodate the incapacity of any director, officer, employee, or agent; and

(b) Relocate the principal office, designate alternative principal offices or regional offices, or authorize the officers to do so.

(2) During an emergency defined in subsection (4) of this section, unless emergency bylaws provide otherwise:

(a) Notice of a meeting of the board of directors need be given only to those directors whom it is practicable to reach and may be given in any practicable manner, including by publication and radio; and
(b) One or more officers of the corporation present at a meeting of the board of directors may be deemed to be directors for the meeting in order of rank and within the same rank in order of seniority, as necessary to achieve a quorum.

(3) Corporate action taken in good faith during an emergency under this section to further the business affairs of the corporation:
   (a) Binds the corporation; and
   (b) May not be used to impose liability on a corporate director, officer, employee, or agent.

(4) An emergency exists for purposes of this section if a quorum of the corporation's directors cannot readily be assembled because of some catastrophic event.

NEW SECTION. Sec. 36. ULTRA VIRES. (1) Except as provided in subsection (2) of this section, corporate action may not be challenged on the ground that the corporation lacks or lacked power to act.

(2) A corporation's power to act may be challenged:
   (a) In a proceeding by a shareholder against the corporation to enjoin the act;
   (b) In a proceeding by the corporation, directly, derivatively, or through a receiver, trustee, or other legal representative, against an incumbent or former director, officer, employee, or agent of the corporation; or
   (c) In a proceeding by the attorney general under section 163 of this act.

(3) In a shareholder's proceeding under subsection (2)(a) of this section to enjoin an unauthorized corporate act, the court may enjoin or set aside the act, and may award damages for loss suffered by the corporation or another party because of enjoining or setting aside the unauthorized act.

NAME

NEW SECTION. Sec. 37. CORPORATE NAME. (1) A corporate name:
   (a) Must contain the word "corporation," "incorporated," "company," or "limited," or the abbreviation "corp.," "inc.," "co.," or "ltd."
   (b) Must not contain language stating or implying that the corporation is organized for a purpose other than those permitted by section 33 of this act and its articles of incorporation;
   (c) Must not contain any of the following words or phrases: "Bank," "banking," "banker," "trust," "cooperative," or any combination of the words "industrial" and "loan," or any combination of any two or more words "building," "savings," "loan," "home," "association," and "society," or any other words or phrases prohibited by any statute of this state; and
   (d) Except as authorized by subsections (2) and (3) of this section, must be distinguishable upon the records of the secretary of state from:
(i) The corporate name of a corporation incorporated or authorized to transact business in this state;

(ii) A corporate name reserved or registered under section 38 or 39 of this act;

(iii) The fictitious name adopted pursuant to section 174 of this act by a foreign corporation authorized to transact business in this state because its real name is unavailable;

(iv) The corporate name of a not-for-profit corporation incorporated or authorized to conduct affairs in this state; and

(v) The name or reserved name of a foreign or domestic limited partnership formed or registered under chapter 25.10 RCW.

(2) A corporation may apply to the secretary of state for authorization to use a name that is not distinguishable upon the records from one or more of the names described in subsection (1) of this section. The secretary of state shall authorize use of the name applied for if:

(a) The other corporation, holder, or limited partnership consents to the use in writing and files with the secretary of state documents necessary to change its name or the name reserved or registered to a name that is distinguishable upon the records of the secretary of state from the name of the applying corporation; or

(b) The applicant delivers to the secretary of state a certified copy of the final judgment of a court of competent jurisdiction establishing the applicant's right to use the name applied for in this state.

(3) A corporation may use the name, including the fictitious name, of another domestic or foreign corporation that is used in this state if the other corporation:

(a) Has merged with the other corporation; or

(b) Has been formed by reorganization of the other corporation.

(4) This title does not control the use of assumed business names or "trade names."

NEW SECTION. Sec. 38. RESERVED NAME. (1) A person may reserve the exclusive use of a corporate name, including a fictitious name adopted pursuant to section 174 of this act for a foreign corporation whose corporate name is not available, by delivering an application to the secretary of state for filing. The application must set forth the name and address of the applicant and the name proposed to be reserved. If the secretary of state finds that the corporate name applied for is available, the secretary of state shall reserve the name for the applicant's exclusive use for a nonrenewable one hundred eighty-day period.

(2) The owner of a reserved corporate name may transfer the reservation to another person by delivering to the secretary of state a signed notice of the transfer that states the name and address of the transferee.
NEW SECTION. Sec. 39. REGISTERED NAME. (1) A foreign corporation may register its corporate name, or its corporate name with any addition required by section 174 of this act, if the name is distinguishable upon the records of the secretary of state from the names specified in section 37(1) of this act.

(2) A foreign corporation registers its corporate name, or its corporate name with any addition required by section 174 of this act, by delivering to the secretary of state for filing an application that:
   (a) Sets forth its corporate name, or its corporate name with any addition required by section 174 of this act, and the state or country and date of its incorporation; and
   (b) Is accompanied by a certificate of existence, or a document of similar import, from the state or country of incorporation.

(3) The name is registered for the applicant's exclusive use upon the effective date of the application and until the close of the calendar year in which the application for registration is filed.

(4) A foreign corporation whose registration is effective may renew it for successive years by delivering to the secretary of state for filing a renewal application, which complies with the requirements of subsection (2) of this section, between October 1 and December 31 of the preceding year. The renewal application when filed renews the registration for the following calendar year.

(5) A foreign corporation whose registration is effective may thereafter qualify as a foreign corporation under the registered name, or consent in writing to the use of that name by a corporation thereafter incorporated under this title, by a limited partnership thereafter formed under chapter 25.10 RCW, or by another foreign corporation or limited partnership thereafter authorized to transact business in this state. The registration terminates when the domestic corporation is incorporated or the domestic limited partnership is formed, or the foreign corporation qualifies or consents to the qualification of another foreign corporation or limited partnership under the registered name.

OFFICE AND AGENT

NEW SECTION. Sec. 40. REGISTERED OFFICE AND REGISTERED AGENT. (1) Each corporation must continuously maintain in this state:

   (a) A registered office that may be the same as any of its places of business. The registered office shall be at a specific geographic location in this state, and be identified by number, if any, and street, or building address or rural route, or, if a commonly known street or rural route address does not exist, by legal description. A registered office may not be identified by post office box number or other nongeographic address. For purposes of communicating by mail, the secretary of state may permit the use of a post...
office address in the same city as the registered office in conjunction with
the registered office address if the corporation also maintains on file the
specific geographic address of the registered office where personal service of
process may be made;

(b) A registered agent that may be:

(i) An individual residing in this state whose business office is identical
with the registered office;

(ii) A domestic corporation or not-for-profit domestic corporation
whose business office is identical with the registered office; or

(iii) A foreign corporation or not-for-profit foreign corporation auth-
rorized to conduct affairs in this state whose business office is identical with
the registered office.

(2) A registered agent shall not be appointed without having given pri-
or written consent to the appointment. The written consent shall be filed
with the secretary of state in such form as the secretary may prescribe. The
written consent shall be filed with or as a part of the document first ap-
pointing a registered agent. In the event any individual or corporation has
been appointed agent without consent, that person or corporation may file a
notarized statement attesting to that fact, and the name shall forthwith be
removed from the records of the secretary of state.

NEW SECTION. Sec. 41. CHANGE OF REGISTERED OFFICE
OR REGISTERED AGENT. (1) A corporation may change its registered
office or registered agent by delivering to the secretary of state for filing a
statement of change that sets forth:

(a) The name of the corporation;

(b) If the current registered office is to be changed, the street address
of the new registered office in accord with section 40(l)(a) of this act;

(c) If the current registered agent is to be changed, the name of the
new registered agent and the new agent's written consent, either on the
statement or attached to it, to the appointment; and

(d) That after the change or changes are made, the street addresses of
its registered office and the business office of its registered agent will be
identical.

(2) If a registered agent changes the street address of the agent's busi-
ness office, the registered agent may change the street address of the regis-
tered office of any corporation for which the agent is the registered agent by
notifying the corporation in writing of the change and signing, either man-
ually or in facsimile, and delivering to the secretary of state for filing a
statement that complies with the requirements of subsection (1) of this sec-
section and recites that the corporation has been notified of the change.

NEW SECTION. Sec. 42. RESIGNATION OF REGISTERED
AGENT. (1) A registered agent may resign as agent by signing and deliv-
ering to the secretary of state for filing a statement of resignation. The
statement may include a statement that the registered office is also discontinued.

(2) After filing the statement the secretary of state shall mail a copy of the statement to the corporation at its principal office.

(3) The agency appointment is terminated, and the registered office discontinued if so provided, on the 31st day after the date on which the statement was filed.

NEW SECTION. Sec. 43. SERVICE ON CORPORATION. (1) A corporation's registered agent is the corporation's agent for service of process, notice, or demand required or permitted by law to be served on the corporation.

(2) The secretary of state shall be an agent of a corporation upon whom any such process, notice, or demand may be served if:

(a) The corporation fails to appoint or maintain a registered agent in this state; or

(b) The registered agent cannot with reasonable diligence be found at the registered office.

(3) Service on the secretary of state of any such process, notice, or demand shall be made by delivering to and leaving with the secretary of state, or with any duly authorized clerk of the corporation department of the secretary of state's office, the process, notice, or demand. In the event any such process, notice, or demand is served on the secretary of state, the secretary of state shall immediately cause a copy thereof to be forwarded by certified mail, addressed to the secretary of the corporation at the corporation's principal office as shown on the records of the secretary of state. Any service so had on the secretary of state shall be returnable in not less than thirty days.

(4) The secretary of state shall keep a record of all processes, notices, and demands served upon the secretary of state under this section, and shall record therein the time of such service and the secretary of state's action with reference thereto.

(5) This section does not limit or affect the right to serve any process, notice, or demand required or permitted by law to be served upon a corporation in any other manner now or hereafter permitted by law.

SHARES AND DISTRIBUTIONS

NEW SECTION. Sec. 44. AUTHORIZED SHARES. (1) The articles of incorporation must prescribe the classes of shares and the number of shares of each class that the corporation is authorized to issue.

(a) If more than one class of shares is authorized, the articles of incorporation must prescribe a distinguishing designation for each class, and, prior to the issuance of shares of a class, the preferences, limitations, and relative rights of that class must be described in the articles of incorporation.
(b) Any of the designations, preferences, limitations, or relative rights of any class or series may be made dependent upon facts ascertainable outside the articles of incorporation or of any amendment thereto, or outside the resolution or resolutions providing for the issuance of shares adopted by the board of directors pursuant to authority expressly vested in it by the corporation's articles of incorporation, if the manner in which such facts shall operate on the designations, preferences, limitations, or relative rights of such class or series is clearly and expressly set forth in the articles of incorporation or in the resolution or resolutions providing for the issue of such shares adopted by the board of directors.

(c) All shares of a class must have preferences, limitations, and relative rights identical with those of other shares of the same class except to the extent otherwise permitted by section 45 of this act.

(2) The articles of incorporation must authorize (a) one or more classes of shares that together have unlimited voting rights, and (b) one or more classes of shares, which may be the same class or classes as those with voting rights, that together are entitled to receive the net assets of the corporation upon dissolution.

(3) The articles of incorporation may authorize one or more classes of shares that:

(a) Have special, conditional, or limited voting rights, or no right to vote, except to the extent prohibited by this title;

(b) Are redeemable or convertible as specified in the articles of incorporation (i) at the option of the corporation, the shareholder, or another person or upon the occurrence of a designated event, (ii) for cash, indebtedness, securities, or other property, (iii) in a designated amount or in an amount determined in accordance with a designated formula or by reference to extrinsic data or events;

(c) Entitle the holders to distributions calculated in any manner, including dividends that may be cumulative, noncumulative, or partially cumulative; or

(d) Have preference over any other class of shares with respect to distributions, including dividends and distributions upon the dissolution of the corporation.

(4) The description of the designations, preferences, limitations, and relative rights of share classes in subsection (3) of this section is not exhaustive.

NEW SECTION. Sec. 45. TERMS OF CLASS OR SERIES DETERMINED BY BOARD OF DIRECTORS. (1) If the articles of incorporation so provide, the board of directors may determine, in whole or part, the preferences, limitations, and relative rights, within the limits set forth in section 45 of this act of (a) any class of shares before the issuance of any shares of that class, or (b) one or more series within a class, and designate
the number of shares within that series, before the issuance of any shares of that series.

(2) Each series of a class must be given a distinguishing designation.

(3) All shares of a series must have preferences, limitations, and relative rights identical with those of other shares of the same series and, except to the extent otherwise provided in the description of the series, with those of other series of the same class.

(4) Before issuing any shares of a class or series created under this section, the corporation must deliver to the secretary of state for filing articles of amendment, which are effective without shareholder action, that set forth:

(a) The name of the corporation;
(b) The text of the amendment determining the terms of the class or series of shares;
(c) The date it was adopted; and
(d) The statement that the amendment was duly adopted by the board of directors

(5) Unless the articles of incorporation provide otherwise, the board of directors may, after the issuance of shares of a series whose number it is authorized to designate, amend the resolution establishing the series to decrease, but not below the number of shares of such series then outstanding, the number of authorized shares of that series, by filing articles of amendment, which are effective without shareholder action, in the manner provided in subsection (4) of this section.

NEW SECTION. Sec. 46. ISSUED AND OUTSTANDING SHARES. (1) A corporation may issue the number of shares of each class or series authorized by the articles of incorporation. Shares that are issued are outstanding shares until they are reacquired, redeemed, converted, or canceled.

(2) The reacquisition, redemption, or conversion of outstanding shares is subject to the limitations of subsection (4) of this section and to section 59 of this act.

(3) Redeemable shares are deemed to have been redeemed and not entitled to vote after notice of redemption is mailed to the holders and a sum sufficient to redeem the shares has been deposited with a bank, trust company, or other financial institution under an irrevocable obligation to pay the holders the redemption price on surrender of the shares.

(4) At all times that shares of the corporation are outstanding, one or more shares that together have unlimited voting rights and one or more shares that together are entitled to receive the net assets of the corporation upon dissolution must be outstanding.

NEW SECTION. Sec. 47. FRACTIONAL SHARES. (1) A corporation may:
(a) Issue fractions of a share or pay in money the value of fractions of a share;
(b) Arrange for disposition of fractional shares by the shareholders;
(c) Issue scrip in registered or bearer form entitling the holder to receive a full share upon surrendering enough scrip to equal a full share.

(2) Each certificate representing scrip must be conspicuously labeled "scrip" and must contain the information required by section 53(2) of this act.

(3) The holder of a fractional share is entitled to exercise the rights of a shareholder, including the right to vote, to receive dividends, and to participate in the assets of the corporation upon liquidation. The holder of scrip is not entitled to any of these rights unless the scrip provides for them.

(4) The board of directors may authorize the issuance of scrip subject to any condition considered desirable, including:
(a) That the scrip will become void if not exchanged for full shares before a specified date; and
(b) That the shares for which the scrip is exchangeable may be sold and the proceeds paid to the scripholders.

NEW SECTION. Sec. 48. SUBSCRIPTION FOR SHARES BEFORE INCORPORATION. (1) A written subscription for shares entered into before incorporation is irrevocable for six months unless the subscription agreement provides a longer or shorter period or all the subscribers agree to revocation.

(2) The board of directors may determine the payment terms of subscriptions for shares that were entered into before incorporation, unless the subscription agreement specifies them. A call for payment by the board of directors must be uniform so far as practicable as to all shares of the same class or series, unless the subscription agreement specifies otherwise.

(3) Shares issued pursuant to subscriptions entered into before incorporation are fully paid and nonassessable when the corporation receives the consideration specified in the subscription agreement.

(4) If a subscriber defaults in payment of money or property under a subscription agreement entered into before incorporation, the corporation may collect the amount owed as any other debt. Alternatively, unless the subscription agreement provides otherwise, the corporation may rescind the agreement and may sell the shares if the debt remains unpaid more than twenty days after the corporation sends written demand for payment to the subscriber.

(5) A subscription agreement entered into after incorporation is a contract between the subscriber and the corporation subject to section 49 of this act.

NEW SECTION. Sec. 49. ISSUANCE OF SHARES. (1) The powers granted in this section to the board of directors may be reserved to the shareholders by the articles of incorporation.
(2) Any issuance of shares must be authorized by the board of directors. Shares may be issued for consideration consisting of any tangible or intangible property or benefit to the corporation, including cash, promissory notes, services performed, contracts for services to be performed, or other securities of the corporation.

(3) A good faith determination by the board of directors that the consideration received or to be received for the shares to be issued is adequate is conclusive insofar as the adequacy of consideration relates to whether the shares are validly issued, fully paid and nonassessable. When the board of directors has made such a determination and the corporation has received the consideration, the shares issued for are fully paid and nonassessable.

(4) The corporation may place in escrow shares issued for a contract for future services or benefits or a promissory note, or make other arrangements to restrict the transfer of the shares, and may credit distributions in respect to the shares against their purchase price, until the services are performed, the benefits are received, or the note is paid. If the services are not performed, the benefits are not received, or the note is not paid, the shares escrowed or restricted and the distributions credited may be canceled in whole or part.

(5) Where it cannot be determined that outstanding shares are fully paid and nonassessable, there shall be a conclusive presumption that such shares are fully paid and nonassessable if the board of directors makes a good faith determination that there is no substantial evidence that the full consideration for such shares has not been paid.

NEW SECTION. Sec. 50. LIABILITY OF SHAREHOLDERS. A purchaser from a corporation of its own shares is not liable to the corporation or its creditors with respect to the shares except to pay the consideration for which the shares were authorized to be issued under section 49 of this act or specified in the subscription agreement under section 48 of this act.

NEW SECTION. Sec. 51. SHARE DIVIDENDS. (1) Unless the articles of incorporation provide otherwise, shares may be issued pro rata and without consideration to the corporation's shareholders or to the shareholders of one or more classes or series. An issuance of shares under this subsection is a share dividend.

(2) Shares of one class or series may not be issued as a share dividend in respect to shares of another class or series unless (a) the articles of incorporation so authorize, (b) a majority of the votes entitled to be cast by the class or series to be issued approve the issue, or (c) there are no outstanding shares of the class or series to be issued.

NEW SECTION. Sec. 52. SHARE OPTIONS. Unless the articles of incorporation provide otherwise, a corporation may issue rights, options, or
warrants for the purchase of shares of the corporation. The board of directors shall determine the terms upon which the rights, options, or warrants are issued, their form and content, and the consideration for which the shares are to be issued.

NEW SECTION. Sec. 53. FORM AND CONTENT OF CERTIFICATES. (1) Shares may but need not be represented by certificates. Unless this title or another statute expressly provides otherwise, the rights and obligations of shareholders are identical whether or not their shares are represented by certificates.

(2) At a minimum each share certificate must state on its face:
   (a) The name of the issuing corporation and that it is organized under the laws of this state;
   (b) The name of the person to whom issued; and
   (c) The number and class of shares and the designation of the series, if any, the certificate represents.

(3) If the issuing corporation is authorized to issue different classes of shares or different series within a class, the designations, relative rights, preferences, and limitations applicable to each class and the variations in rights, preferences, and limitations determined for each series, and the authority of the board of directors to determine variations for future series, must be summarized on the front or back of each certificate. Alternatively, each certificate may state conspicuously on its front or back that the corporation will furnish the shareholder this information without charge on request in writing.

(4) Each share certificate (a) must be signed, either manually or in facsimile, by two officers designated in the bylaws or by the board of directors and (b) may bear the corporate seal or its facsimile.

(5) If the person who signed, either manually or in facsimile, a share certificate no longer holds office when the certificate is issued, the certificate is nevertheless valid.

NEW SECTION. Sec. 54. SHARES WITHOUT CERTIFICATES. (1) Unless the articles of incorporation or bylaws provide otherwise, the board of directors of a corporation may authorize the issue of some or all of the shares of any or all of its classes or series without certificates. The authorization does not affect shares already represented by certificates until they are surrendered to the corporation.

(2) Within a reasonable time after the issue or transfer of shares without certificates, the corporation shall send the shareholder a written statement of the information required on certificates by section 53 (2) and (3) of this act, and, if applicable, section 55 of this act.

NEW SECTION. Sec. 55. RESTRICTION ON TRANSFER OF SHARES AND OTHER SECURITIES. (1) The articles of incorporation,
bylaws, an agreement among shareholders, or an agreement between shareholders and the corporation may impose restrictions on the transfer or registration of transfer of shares of the corporation. A restriction does not affect shares issued before the restriction was adopted unless the holders of the shares are parties to the restriction agreement or voted in favor of the restriction.

(2) A restriction on the transfer or registration of transfer of shares is valid and enforceable against the holder or a transferee of the holder if the restriction is authorized by this section and its existence is noted conspicuously on the front or back of the certificate or is contained in the information statement required by section 54(2) of this act. Unless so noted, a restriction is not enforceable against a person without knowledge of the restriction.

(3) A restriction on the transfer or registration of transfer of shares is authorized:
   (a) To maintain the corporation's status when it is dependent on the number or identity of its shareholders;
   (b) To preserve exemptions under federal or state securities law; or
   (c) For any other reasonable purpose.

(4) A restriction on the transfer or registration of transfer of shares may:
   (a) Obligate the shareholder first to offer the corporation or other persons, separately, consecutively, or simultaneously, an opportunity to acquire the restricted shares;
   (b) Obligate the corporation or other persons, separately, consecutively, or simultaneously, to acquire the restricted shares;
   (c) Require the corporation, the holders of any class of its shares, or another person to approve the transfer of the restricted shares, if the requirement is not manifestly unreasonable; or
   (d) Prohibit the transfer of the restricted shares to designated persons or classes of persons, if the prohibition is not manifestly unreasonable.

(5) For purposes of this section, "shares" includes a security convertible into or carrying a right to subscribe for or acquire shares.

NEW SECTION. Sec. 56. EXPENSE OF ISSUE. A corporation may pay the expenses of selling or underwriting its shares, and of organizing or reorganizing the corporation, from the consideration received for shares.

NEW SECTION. Sec. 57. SHAREHOLDERS' PREEMPTIVE RIGHTS. (1) Unless the articles of incorporation provide otherwise, and subject to the limitations in subsections (3) and (4) of this section, the shareholders of a corporation have a preemptive right, granted on uniform terms and conditions prescribed by the board of directors to provide a fair and reasonable opportunity to exercise the right, to acquire proportional amounts of the corporation's unissued shares upon the decision of the board of directors to issue them.
(2) Unless the articles of incorporation provide otherwise, a shareholder may waive the shareholder's preemptive right. A waiver evidenced by a writing is irrevocable even though it is not supported by consideration.

(3) Unless the articles of incorporation provide otherwise, there is no preemptive right with respect to:
   (a) Shares issued as compensation to directors, officers, agents, or employees of the corporation, or its subsidiaries or affiliates;
   (b) Shares issued to satisfy conversion or option rights created to provide compensation to directors, officers, agents, or employees of the corporation, or its subsidiaries or affiliates;
   (c) Shares issued pursuant to the corporation's initial plan of financing; and
   (d) Shares sold otherwise than for money.
(4) Unless the articles of incorporation provide otherwise:
   (a) Holders of shares of any class without general voting rights but with preferential rights to distributions or assets have no preemptive rights with respect to shares of any class; and
   (b) Holders of shares of any class with general voting rights but without preferential rights to distributions or assets have no preemptive rights with respect to shares of any class with preferential rights to distributions or assets unless the shares with preferential rights are convertible into or carry a right to subscribe for or acquire shares without preferential rights.
(5) Unless the articles of incorporation provide otherwise, shares subject to preemptive rights that are not acquired by shareholders may be issued to any person for a period of one year after being offered to shareholders at a consideration set by the board of directors that is not lower than the consideration set for the exercise of preemptive rights. An offer at a lower consideration or after the expiration of one year is subject to the shareholders' preemptive rights.

(6) For purposes of this section, "shares" includes a security convertible into or carrying a right to subscribe for or acquire shares.

NEW SECTION. Sec. 58. CORPORATION'S ACQUISITION OF ITS OWN SHARES. (1) A corporation may acquire its own shares and shares so acquired constitute authorized but unissued shares.

(2) If the articles of incorporation prohibit the reissue of acquired shares, the number of authorized shares is reduced by the number of shares acquired, effective upon amendment of the articles of incorporation.

(3) The board of directors may adopt articles of amendment under this section without shareholder action and deliver them to the secretary of state for filing. The articles must set forth:
   (a) The name of the corporation;
   (b) The reduction in the number of authorized shares, itemized by class and series; and
NEW SECTION. Sec. 59. DISTRIBUTIONS TO SHAREHOLDERS. (1) A board of directors may authorize and the corporation may make distributions to its shareholders subject to restriction by the articles of incorporation and the limitation in subsection (2) of this section.

(2) No distribution may be made if, after giving it effect:

(a) The corporation would not be able to pay its debts as they become due in the usual course of business; or

(b) The corporation's total assets would be less than the sum of its total liabilities plus, unless the articles of incorporation permit otherwise, the amount that would be needed, if the corporation were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of shareholders whose preferential rights are superior to those receiving the distribution.

(3) For purposes of determinations under subsection (2) of this section:

(a) The board of directors may base a determination that a distribution is not prohibited under subsection (2) of this section either on financial statements prepared on the basis of accounting practices and principles that are reasonable in the circumstances or on a fair valuation or other method that is reasonable in the circumstances; and

(b) Indebtedness of a corporation, including indebtedness issued as a distribution, is not considered a liability if its terms provide that payment of principal and interest are made only if and to the extent that payment of a distribution to shareholders could then be made under this section.

(4) The effect of a distribution under subsection (3)(b) of this section is measured:

(a) In the case of a distribution of indebtedness, the terms of which provide that payment of principal and interest are made only if and to the extent that payment of a distribution to shareholders could then be made under this section, each payment of principal or interest is treated as a distribution, the effect of which is measured on the date the payment is actually made; or

(b) In the case of any other distribution:

(i) If the distribution is by purchase, redemption, or other acquisition of the corporation's shares, the effect of the distribution is measured as of the earlier of the date any money or other property is transferred or debt incurred by the corporation, or the date the shareholder ceases to be a shareholder with respect to the acquired shares;

(ii) If the distribution is of indebtedness other than that described in subsection (4) (a) and (b)(i) of this section, the effect of the distribution is measured as of the date the indebtedness is distributed; and

(iii) In all other cases, the effect of the distribution is measured as of the date the distribution is authorized if payment occurs within one hundred
twenty days after the date of authorization, or the date the payment is made if it occurs more than one hundred twenty days after the date of authorization.

(5) A corporation's indebtedness to a shareholder incurred by reason of a distribution made in accordance with this section is at parity with the corporation's indebtedness to its general, unsecured creditors except to the extent provided otherwise by agreement.

(6) In circumstances to which this section and related sections of this title are applicable, such provisions supersede the applicability of any other statutes of this state with respect to the legality of distributions.

SHAREHOLDERS

NEW SECTION. Sec. 60. ANNUAL MEETING. (1) A corporation shall hold a meeting of shareholders annually at a time stated in or fixed in accordance with the bylaws.

(2) Annual shareholders' meetings may be held in or out of this state at the place stated in or fixed in accordance with the bylaws. If no place is stated in or fixed in accordance with the bylaws, annual meetings shall be held at the corporation's principal office.

(3) The failure to hold an annual meeting at the time stated in or fixed in accordance with a corporation's bylaws does not affect the validity of any corporate action.

NEW SECTION. Sec. 61. SPECIAL MEETING. (1) A corporation shall hold a special meeting of shareholders:

(a) On call of its board of directors or the person or persons authorized to do so by the articles of incorporation or bylaws; or

(b) Except as set forth in subsections (2) and (3) of this section, if the holders of at least ten percent of all the votes entitled to be cast on any issue proposed to be considered at the proposed special meeting sign, date, and deliver to the corporation's secretary one or more written demands for the meeting describing the purpose or purposes for which it is to be held.

(2) The right of shareholders of a public company to call a special meeting may be limited or denied to the extent provided in the articles of incorporation.

(3) If the corporation is other than a public company, the articles or bylaws may require the demand specified in subsection (1)(b) of this section be made by a greater percentage, not in excess of twenty-five percent, of all the votes entitled to be cast on any issue proposed to be considered at the proposed special meeting.

(4) If not otherwise fixed under section 62 or 66 of this act, the record date for determining shareholders entitled to demand a special meeting is the date the first shareholder signs the demand.

(5) Special shareholders' meetings may be held in or out of this state at the place stated in or fixed in accordance with the bylaws. If no place is
stated or fixed in accordance with the bylaws, special meetings shall be held at the corporation's principal office.

(6) Only business within the purpose or purposes described in the meeting notice required by section 64(3) of this act may be conducted at a special shareholders' meeting.

NEW SECTION. Sec. 62. COURT-ORDERED MEETING. (1) The superior court of the county in which the corporation's registered office is located may, after notice to the corporation, summarily order a meeting to be held:

(a) On application of any shareholder of the corporation entitled to vote in the election of directors at an annual meeting, if an annual meeting was not held within the earlier of six months after the end of the corporation's fiscal year or fifteen months after its last annual meeting; or

(b) On application of a shareholder who signed a demand for a special meeting valid under section 61 of this act, if:

(i) Notice of the special meeting was not given within thirty days after the date the demand was delivered to the corporation's secretary; or

(ii) The special meeting was not held in accordance with the notice.

(2) The court may, after notice to the corporation, fix the time and place of the meeting, determine the shares and shareholders entitled to participate in the meeting, specify a record date for determining shareholders entitled to notice of and to vote at the meeting, prescribe the manner, form, and content of the meeting notice, fix the quorum required for specific matters to be considered at the meeting, or direct that the votes represented at the meeting constitute a quorum for action on those matters, and enter other orders necessary to accomplish the purpose or purposes of the meeting.

NEW SECTION. Sec. 63. ACTION WITHOUT MEETING. (1) Action required or permitted by this title to be taken at a shareholders' meeting may be taken without a meeting if the action is taken by all the shareholders entitled to vote on the action. The action must be evidenced by one or more written consents describing the action taken, signed by all the shareholders entitled to vote on the action, and delivered to the corporation for inclusion in the minutes or filing with the corporate records.

(2) If not otherwise fixed under section 62 or 66 of this act, the record date for determining shareholders entitled to take action without a meeting is the date the first shareholder signs the consent under subsection (1) of this section.

(3) A shareholder may withdraw consent only by delivering a written notice of withdrawal to the corporation prior to the time that all consents are in possession of the corporation.

(4) Action taken under this section is effective when all consents are in possession of the corporation, unless the consent specifies a later effective date.
(5) A consent signed under this section has the effect of a meeting vote and may be described as such in any document.

(6) If this title requires that notice of proposed action be given to nonvoting shareholders and the action is to be taken by unanimous consent of the voting shareholders, the corporation must give its nonvoting shareholders written notice of the proposed action at least ten days before the action is taken. The notice must contain or be accompanied by the same material that, under this title, would have been required to be sent to nonvoting shareholders in a notice of meeting at which the proposed action would have been submitted to such shareholders for action.

NEW SECTION. Sec. 64. NOTICE OF MEETING. (1) A corporation shall notify shareholders of the date, time, and place of each annual and special shareholders' meeting. Such notice shall be given no fewer than ten nor more than sixty days before the meeting date, except that notice of a shareholders' meeting to act on an amendment to the articles of incorporation, a plan of merger or share exchange, a proposed sale of assets pursuant to section 139 of this act, or the dissolution of the corporation shall be given no fewer than twenty nor more than sixty days before the meeting date. Unless this title or the articles of incorporation require otherwise, the corporation is required to give notice only to shareholders entitled to vote at the meeting.

(2) Unless this title or the articles of incorporation require otherwise, notice of an annual meeting need not include a description of the purpose or purposes for which the meeting is called.

(3) Notice of a special meeting must include a description of the purpose or purposes for which the meeting is called.

(4) Unless the bylaws require otherwise, if an annual or special shareholders' meeting is adjourned to a different date, time, or place, notice need not be given of the new date, time, or place if the new date, time, or place is announced at the meeting before adjournment. If a new record date for the adjourned meeting is or must be fixed under section 66 of this act, however, notice of the adjourned meeting must be given under this section to persons who are shareholders as of the new record date.

NEW SECTION. Sec. 65. WAIVER OF NOTICE. (1) A shareholder may waive any notice required by this title, the articles of incorporation, or bylaws before or after the date and time of the meeting that is the subject of such notice. Except as provided by subsections (2) and (3) of this section, the waiver must be in writing, be signed by the shareholder entitled to the notice, and be delivered to the corporation for inclusion in the minutes or filing with the corporate records.

(2) A shareholder's attendance at a meeting waives objection to lack of notice or defective notice of the meeting, unless the shareholder at the beginning of the meeting objects to holding the meeting or transacting business at the meeting.
A shareholder waives objection to consideration of a particular matter at a meeting that is not within the purpose or purposes described in the meeting notice, unless the shareholder objects to considering the matter when it is presented.

NEW SECTION. Sec. 66. RECORD DATE. (1) The bylaws may fix or provide the manner of fixing the record date for one or more voting groups in order to determine the shareholders entitled to notice of a shareholders' meeting, to demand a special meeting, to vote, or to take any other action. If the bylaws do not fix or provide for fixing a record date, the board of directors of the corporation may fix a future date as the record date.

(2) If not otherwise fixed under subsection (1) of this section or section 62 of this act, the record date for determining shareholders entitled to notice of and to vote at an annual or special shareholders' meeting is the day before the first notice is delivered to shareholders.

(3) If the board of directors does not fix the record date for determining shareholders entitled to a share dividend, it is the date the board of directors authorizes the share dividend.

(4) If the board of directors does not fix the record date for determining shareholders entitled to a distribution, other than one involving a purchase, redemption, or other acquisition of the corporation's shares, it is the date the board of directors authorizes the distribution.

(5) A record date fixed under this section may not be more than seventy days before the meeting or action requiring a determination of shareholders.

(6) A determination of shareholders entitled to notice of or to vote at a shareholders' meeting is effective for any adjournment of the meeting unless the board of directors fixes a new record date, which it must do if the meeting is adjourned to a date more than one hundred twenty days after the date fixed for the original meeting.

(7) If a court orders a meeting adjourned to a date more than one hundred twenty days after the date fixed for the original meeting, it may provide that the original record date continues in effect or it may fix a new record date.

NEW SECTION. Sec. 67. SHAREHOLDER PARTICIPATION BY MEANS OF COMMUNICATION EQUIPMENT. If the articles of incorporation or bylaws so provide, shareholders may participate in any meeting of shareholders by any means of communication by which all persons participating in the meeting can hear each other during the meeting. A shareholder participating in a meeting by this means is deemed to be present in person at the meeting.

NEW SECTION. Sec. 68. SHAREHOLDERS' LIST FOR MEETING. (1) After fixing a record date for a meeting, a corporation shall prepare an alphabetical list of the names of all its shareholders on the record
date who are entitled to notice of a shareholders' meeting. The list must be arranged by voting group, and within each voting group by class or series of shares, and show the address of and number of shares held by each shareholder.

(2) The shareholders' list must be available for inspection by any shareholder, beginning ten days prior to the meeting and continuing through the meeting, at the corporation's principal office or at a place identified in the meeting notice in the city where the meeting will be held. A shareholder, the shareholder's agent, or the shareholder's attorney is entitled to inspect the list, during regular business hours and at the shareholder's expense, during the period it is available for inspection.

(3) The corporation shall make the shareholders' list available at the meeting, and any shareholder, the shareholder's agent, or the shareholder's attorney is entitled to inspect the list at any time during the meeting or any adjournment.

(4) If the corporation refuses to allow a shareholder, the shareholder's agent, or the shareholder's attorney to inspect the shareholders' list before or at the meeting, the superior court of the county where a corporation's principal office, or, if none in this state, its registered office, is located, on application of the shareholder, may summarily order the inspection at the corporation's expense and may postpone the meeting for which the list was prepared until the inspection is complete.

(5) A shareholder's right to copy the shareholders' list, and a shareholder's right to otherwise inspect and copy the record of shareholders, is governed by section 183(3) of this act.

(6) Refusal or failure to prepare or make available the shareholders' list does not affect the validity of action taken at the meeting.

NEW SECTION. Sec. 69. VOTING ENTITLEMENT OF SHARES. (1) Except as provided in subsections (2) and (3) of this section or unless the articles of incorporation provide otherwise, each outstanding share, regardless of class, is entitled to one vote on each matter voted on at a shareholders' meeting. Only shares are entitled to vote.

(2) The shares of a corporation are not entitled to vote if they are owned, directly or indirectly, by a second corporation, domestic or foreign, and the first corporation owns, directly or indirectly, a majority of the shares entitled to vote for directors of the second corporation.

(3) Subsection (2) of this section does not limit the power of a corporation to vote any shares, including its own shares, held by it in a fiduciary capacity.

NEW SECTION. Sec. 70. PROXIES. (1) A shareholder may vote the shareholder's shares in person or by proxy.

(2) A shareholder may appoint a proxy to vote or otherwise act for the shareholder by signing an appointment form, either personally or by the shareholder's attorney-in-fact or agent.
(3) An appointment of a proxy is effective when received by the secretary or other officer or agent authorized to tabulate votes. An appointment is valid for eleven months unless a longer period is expressly provided in the appointment form.

(4) An appointment of a proxy is revocable by the shareholder unless the appointment is coupled with an interest. Appointments coupled with an interest include the appointment of:
(a) A pledgee;
(b) A person who purchased or agreed to purchase the shares;
(c) A creditor of the corporation who extended it credit under terms requiring the appointment;
(d) An employee of the corporation whose employment contract requires the appointment; or
(e) A party to a voting agreement created under section 78 of this act.

(5) The death or incapacity of the shareholder appointing a proxy does not affect the right of the corporation to accept the proxy's authority unless notice of the death or incapacity is received by the secretary or other officer or agent authorized to tabulate votes before the proxy exercises the proxy's authority under the appointment.

(6) An appointment made irrevocable under subsection (4) of this section is revoked when the interest with which it is coupled is extinguished.

(7) A transferee for value of shares subject to an irrevocable appointment may revoke the appointment if the transferee did not know of its existence when the transferee acquired the shares and the existence of the irrevocable appointment was not noted conspicuously on the certificate representing the shares or on the information statement for shares without certificates.

(8) Subject to section 72 of this act and to any express limitation on the proxy's authority appearing on the face of the appointment form, a corporation is entitled to accept the proxy's vote or other action as that of the shareholder making the appointment.

NEW SECTION. Sec. 71. SHARES HELD BY NOMINEES. (1) A corporation may establish a procedure by which the beneficial owner of shares that are registered in the name of a nominee is recognized by the corporation as the shareholder. The extent of this recognition may be determined in the procedure.

(2) The procedure may set forth:
(a) The types of nominees to which it applies;
(b) The rights or privileges that the corporation recognizes in a beneficial owner;
(c) The manner in which the procedure is selected by the nominee;
(d) The information that must be provided when the procedure is selected;
(e) The period for which selection of the procedure is effective; and
NEW SECTION. Sec. 72. CORPORATION'S ACCEPTANCE OF VOTES. (1) If the name signed on a vote, consent, waiver, or proxy appointment corresponds to the name of a shareholder, the corporation, if acting in good faith, is entitled to accept the vote, consent, waiver, or proxy appointment and give it effect as the act of the shareholder.

(2) If the name signed on a vote, consent, waiver, or proxy appointment does not correspond to the name of its shareholder, the corporation, if acting in good faith, is nevertheless entitled to accept the vote, consent, waiver, or proxy appointment and give it effect as the act of the shareholder if:

(a) The shareholder is an entity and the name signed purports to be that of an officer, partner, or agent of the entity;

(b) The name signed purports to be that of an administrator, executor, guardian, or conservator representing the shareholder and, if the corporation requests, evidence of fiduciary status acceptable to the corporation has been presented with respect to the vote, consent, waiver, or proxy appointment;

(c) The name signed purports to be that of a receiver or trustee in bankruptcy of the shareholder and, if the corporation requests, evidence of this status acceptable to the corporation has been presented with respect to the vote, consent, waiver, or proxy appointment;

(d) The name signed purports to be that of a pledgee, beneficial owner, or attorney-in-fact of the shareholder and, if the corporation requests, evidence acceptable to the corporation of the signatory's authority to sign for the shareholder has been presented with respect to the vote, consent, waiver, or proxy appointment; or

(e) Two or more persons are the shareholder as cotenants or fiduciaries and the name signed purports to be the name of at least one of the co-owners and the person signing appears to be acting on behalf of all the co-owners.

(3) The corporation is entitled to reject a vote, consent, waiver, or proxy appointment if the secretary or other officer or agent authorized to tabulate votes, acting in good faith, has reasonable basis for doubt about the validity of the signature on it or about the signatory's authority to sign for the shareholder.

(4) The corporation and its officer or agent who accepts or rejects a vote, consent, waiver, or proxy appointment in good faith and in accordance with the standards of this section are not liable in damages to the shareholder for the consequences of the acceptance or rejection.

(5) Corporate action based on the acceptance or rejection of a vote, consent, waiver, or proxy appointment under this section is valid unless a court of competent jurisdiction determines otherwise.

NEW SECTION. Sec. 73. QUORUM AND VOTING REQUIREMENTS. (1) Shares entitled to vote as a separate voting group may take
action on a matter at a meeting only if a quorum of those shares exists with respect to that matter. Unless the articles of incorporation or this title provide otherwise, a majority of the votes entitled to be cast on the matter by the voting group constitutes a quorum of that voting group for action on that matter.

(2) Once a share is represented for any purpose at a meeting other than solely to object to holding the meeting or transacting business at the meeting, it is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless a new record date is or must be set for that adjourned meeting.

(3) If a quorum exists, action on a matter, other than the election of directors, is approved by a voting group if the votes cast within the voting group favoring the action exceed the votes cast within the voting group opposing the action, unless the articles of incorporation or this title require a greater number of affirmative votes.

(4) An amendment of articles of incorporation adding, changing, or deleting either (i) a quorum for a voting group greater or lesser than specified in subsection (1) of this section, or (ii) a voting requirement for a voting group greater than specified in subsection (3) of this section, is governed by section 75 of this act.

(5) The election of directors is governed by section 76 of this act.

NEW SECTION. Sec. 74. ACTION BY SINGLE AND MULTIPLE VOTING GROUPS. (1) If the articles of incorporation or this title provide for voting by a single voting group on a matter, action on that matter is taken when voted upon by that voting group as provided in section 73 of this act.

(2) If the articles of incorporation or this title provide for voting by two or more voting groups on a matter, action on that matter is taken only when voted upon by each of those voting groups counted separately as provided in section 73 of this act. Action may be taken by one voting group on a matter even though no action is taken by another voting group entitled to vote on the matter.

NEW SECTION. Sec. 75. GREATER OR LESSER QUORUM OR VOTING REQUIREMENTS. (1) The articles of incorporation may provide for a greater or lesser quorum, but not less than one-third of the votes entitled to be cast, for shareholders, or voting groups of shareholders, than is provided for by this title.

(2) The articles of incorporation may provide for a greater voting requirement for shareholders, or voting groups of shareholders, than is provided for by this title.

(3) Under sections 122, 133, 139, and 155 of this act, the articles of incorporation may provide for a lesser vote than is otherwise prescribed in those sections or for a lesser vote by separate voting groups, so long as the vote provided for each voting group entitled to vote separately on the plan
or transaction is not less than a majority of all the votes entitled to be cast on the plan or transaction by that voting group.

(4) An amendment to the articles of incorporation that adds, changes, or deletes a greater or lesser quorum or voting requirement must meet the same quorum requirement and be adopted by the same vote and voting groups required to take action under the quorum and voting requirements then in effect.

NEW SECTION. Sec. 76. VOTING FOR DIRECTORS—CUMULATIVE VOTING. (1) Unless otherwise provided in the articles of incorporation, shareholders entitled to vote at any election of directors are entitled to cumulate votes by multiplying the number of votes they are entitled to cast by the number of directors for whom they are entitled to vote and to cast the product for a single candidate or distribute the product among two or more candidates.

(2) Unless otherwise provided in the articles of incorporation, in any election of directors the candidates elected are those receiving the largest numbers of votes cast by the shares entitled to vote in the election, up to the number of directors to be elected by such shares.

NEW SECTION. Sec. 77. VOTING TRUSTS. (1) One or more shareholders may create a voting trust, conferring on a trustee the right to vote or otherwise act for them, by signing an agreement setting out the provisions of the trust, which may include anything consistent with its purpose, and transferring their shares to the trustee. When a voting trust agreement is signed, the trustee shall prepare a list of the names and addresses of all owners of beneficial interests in the trust, together with the number and class of shares each owner of a beneficial interest transferred to the trust, and deliver copies of the list and agreement to the corporation's principal office.

(2) A voting trust becomes effective on the date the first shares subject to the trust are registered in the trustee's name. A voting trust is valid for not more than ten years after its effective date unless extended under subsection (3) of this section.

(3) All or some of the parties to a voting trust may extend it for additional terms of not more than ten years each by signing an extension agreement and obtaining the voting trustee's written consent to the extension. An extension is valid only until the earlier of ten years from the date the first shareholder signs the extension agreement or the date of expiration of the extension. The voting trustee must deliver copies of the extension agreement and list of beneficial owners to the corporation's principal office. An extension agreement binds only those parties signing it.

NEW SECTION. Sec. 78. VOTING AGREEMENTS. (1) Two or more shareholders may provide for the manner in which they will vote their
shares by signing an agreement for that purpose. A voting agreement created under this section is not subject to the provisions of section 77 of this act.

(2) A voting agreement created under this section is specifically enforceable.

NEW SECTION. Sec. 79. PROCEDURE IN DERIVATIVE PROCEEDINGS. (1) A person may not commence a proceeding in the right of a domestic or foreign corporation unless the person was a shareholder of the corporation when the transaction complained of occurred or unless the person became a shareholder through transfer by operation of law from one who was a shareholder at that time.

(2) A complaint in a proceeding brought in the right of a corporation must be verified and allege with particularity the demand made, if any, to obtain action by the board of directors and either that the demand was refused or ignored or why a demand was not made. Whether or not a demand for action was made, if the corporation commences an investigation of the charges made in the demand or complaint, the court may stay any proceeding until the investigation is completed.

(3) A proceeding commenced under this section may not be discontinued or settled without the court's approval. If the court determines that a proposed discontinuance or settlement will substantially affect the interest of the corporation's shareholders or a class of shareholders, the court shall direct that notice be given to the shareholders affected.

(4) On termination of the proceeding the court may require the plaintiff to pay any defendant's reasonable expenses, including counsel fees, incurred in defending the proceeding if it finds that the proceeding was commenced without reasonable cause.

(5) For purposes of this section, "shareholder" includes a beneficial owner whose shares are held in a voting trust or held by a nominee on behalf of the beneficial owner.

DIRECTORS AND OFFICERS

NEW SECTION. Sec. 80. REQUIREMENT FOR AND DUTIES OF BOARD OF DIRECTORS. (1) Except as provided in subsection (3) of this section, each corporation must have a board of directors.

(2) All corporate powers shall be exercised by or under the authority of, and the business and affairs of the corporation managed under the direction of, its board of directors, subject to any limitation set forth in the articles of incorporation.

(3) A corporation may dispense with or limit the authority of its board of directors by describing in its articles of incorporation who will perform some or all of the duties of the board of directors.
NEW SECTION. Sec. 81. QUALIFICATIONS OF DIRECTORS. The articles of incorporation or bylaws may prescribe qualifications for directors. A director need not be a resident of this state or a shareholder of the corporation unless the articles of incorporation or bylaws so prescribe.

NEW SECTION. Sec. 82. NUMBER AND ELECTION OF DIRECTORS. (1) A board of directors must consist of one or more individuals, with the number specified in or fixed in accordance with the articles of incorporation or bylaws.

(2) Directors are elected at the first annual shareholders' meeting and at each annual meeting thereafter unless their terms are staggered under section 85 of this act.

NEW SECTION. Sec. 83. ELECTION OF DIRECTORS BY CERTAIN CLASSES OR SERIES OF SHARES. If the articles of incorporation authorize dividing the shares into classes or series, the articles may also authorize the election of all or a specified number of directors by the holders of one or more authorized classes or series of shares. A class, or classes, or series of shares entitled to elect one or more directors is a separate voting group for purposes of the election of directors.

NEW SECTION. Sec. 84. TERMS OF DIRECTORS GENERALLY. (1) The terms of the initial directors of a corporation expire at the first shareholders' meeting at which directors are elected.

(2) The terms of all other directors expire at the next annual shareholders' meeting following their election unless their terms are staggered under section 85 of this act.

(3) A decrease in the number of directors does not shorten an incumbent director's term.

(4) The term of a director elected to fill a vacancy expires at the next shareholders' meeting at which directors are elected.

(5) Despite the expiration of a director's term, the director continues to serve until the director's successor is elected and qualified or until there is a decrease in the number of directors.

NEW SECTION. Sec. 85. STAGGERED TERMS FOR DIRECTORS. (1) The articles of incorporation may provide for staggering the terms of directors by dividing the total number of directors into two or three groups, with each group containing one-half or one-third of the total, as near as may be. In that event, the terms of directors in the first group expire at the first annual shareholders' meeting after their election, the terms of the second group expire at the second annual shareholders' meeting after their election, and the terms of the third group, if any, expire at the third annual shareholders' meeting after their election. At each annual shareholders' meeting held thereafter, directors shall be chosen for a term of two years or three years, as the case may be, to succeed those whose terms expire.
If cumulative voting is authorized, any provision establishing staggered terms of directors shall provide that at least three directors shall be elected at each annual shareholders' meeting.

NEW SECTION. Sec. 86. RESIGNATION OF DIRECTORS. (1) A director may resign at any time by delivering written notice to the board of directors, its chairperson, the president, or the secretary.

(2) A resignation is effective when the notice is delivered unless the notice specifies a later effective date.

NEW SECTION. Sec. 87. REMOVAL OF DIRECTORS BY SHAREHOLDERS. (1) The shareholders may remove one or more directors with or without cause unless the articles of incorporation provide that directors may be removed only for cause.

(2) If a director is elected by holders of one or more authorized classes or series of shares, only the holders of those classes or series of shares may participate in the vote to remove the director.

(3) If cumulative voting is authorized, a director may not be removed if the number of votes sufficient to elect the director under cumulative voting is voted against the director's removal. If cumulative voting is not authorized, a director may be removed only if the number of votes cast to remove the director exceeds the number of votes cast not to remove the director.

(4) A director may be removed by the shareholders only at a special meeting called for the purpose of removing the director and the meeting notice must state that the purpose, or one of the purposes, of the meeting is removal of the director.

NEW SECTION. Sec. 88. REMOVAL OF DIRECTORS BY JUDICIAL PROCEEDING. (1) The superior court of the county where a corporation's principal office, or, if none in this state, its registered office, is located may remove a director of the corporation from office in a proceeding commenced either by the corporation or by its shareholders holding at least ten percent of the outstanding shares of any class if the court finds that (a) the director engaged in fraudulent or dishonest conduct with respect to the corporation, and (b) removal is in the best interest of the corporation.

(2) The court that removes a director may bar the director from reelection for a period prescribed by the court.

(3) If shareholders commence a proceeding under subsection (1) of this section, they shall make the corporation a party defendant.

NEW SECTION. Sec. 89. VACANCY ON BOARD OF DIRECTORS. (1) Unless the articles of incorporation provide otherwise, if a vacancy occurs on a board of directors, including a vacancy resulting from an increase in the number of directors:

(a) The shareholders may fill the vacancy;

(b) The board of directors may fill the vacancy; or
(c) If the directors in office constitute fewer than a quorum of the board, they may fill the vacancy by the affirmative vote of a majority of all the directors in office.

(2) If the vacant office was held by a director elected by holders of one or more authorized classes or series of shares, only the holders of those classes or series of shares are entitled to vote to fill the vacancy.

(3) A vacancy that will occur at a specific later date, by reason of a resignation effective at a later date under section 86(2) of this act or otherwise, may be filled before the vacancy occurs but the new director may not take office until the vacancy occurs.

NEW SECTION. Sec. 90. COMPENSATION OF DIRECTORS. Unless the articles of incorporation or bylaws provide otherwise, the board of directors may fix the compensation of directors.

NEW SECTION. Sec. 91. MEETINGS AND ACTION OF THE BOARD. (1) The board of directors may hold regular or special meetings in or out of this state.

(2) Unless the articles of incorporation or bylaws provide otherwise, any or all directors may participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all directors participating can hear each other during the meeting. A director participating in a meeting by this means is deemed to be present in person at the meeting.

NEW SECTION. Sec. 92. ACTION WITHOUT MEETING. (1) Unless the articles of incorporation or bylaws provide otherwise, action required or permitted by this title to be taken at a board of directors' meeting may be taken without a meeting if the action is taken by all members of the board. The action must be evidenced by one or more written consents describing the action taken, signed by each director either before or after the action taken, and delivered to the corporation for inclusion in the minutes or filing with the corporate records.

(2) Action taken under this section is effective when the last director signs the consent, unless the consent specifies a later effective date.

(3) A consent signed under this section has the effect of a meeting vote and may be described as such in any document.

NEW SECTION. Sec. 93. NOTICE OF MEETING. (1) Unless the articles of incorporation or bylaws provide otherwise, regular meetings of the board of directors may be held without notice of the date, time, place, or purpose of the meeting.

(2) Unless the articles of incorporation or bylaws provide for a longer or shorter period, special meetings of the board of directors must be preceded by at least two days' notice of the date, time, and place of the meeting. The notice need not describe the purpose of the special meeting unless required by the articles of incorporation or bylaws.
NEW SECTION. Sec. 94. WAIVER OF NOTICE. (1) A director may waive any notice required by this title, the articles of incorporation, or bylaws before or after the date and time stated in the notice, and such waiver shall be equivalent to the giving of such notice. Except as provided by subsection (2) of this section, the waiver must be in writing, signed by the director entitled to the notice, and delivered to the corporation for inclusion in the minutes or filing with the corporate records.

(2) A director's attendance at or participation in a meeting waives any required notice to the director of the meeting unless the director at the beginning of the meeting, or promptly upon the director's arrival, objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

NEW SECTION. Sec. 95. QUORUM AND VOTING. (1) Unless the articles of incorporation or bylaws require a greater number, a quorum of a board of directors consists of a majority of the number of directors specified in or fixed in accordance with the articles of incorporation or bylaws.

(2) The articles of incorporation or bylaws may authorize a quorum of a board of directors to consist of no fewer than one-third of the fixed or specified number of directors determined under subsection (1) of this section.

(3) If a quorum is present when a vote is taken, the affirmative vote of a majority of directors present is the act of the board of directors unless the articles of incorporation or bylaws require the vote of a greater number of directors.

(4) A director who is present at a meeting of the board of directors when action is taken is deemed to have assented to the action taken unless:
(a) The director objects at the beginning of the meeting, or promptly upon the director's arrival, to holding it or transacting business at the meeting;
(b) the director's dissent or abstention from the action taken is entered in the minutes of the meeting; or
(c) the director delivers written notice of the director's dissent or abstention to the presiding officer of the meeting before its adjournment or to the corporation within a reasonable time after adjournment of the meeting. The right of dissent or abstention is not available to a director who votes in favor of the action taken.

NEW SECTION. Sec. 96. COMMITTEES. (1) Unless the articles of incorporation or bylaws provide otherwise, a board of directors may create one or more committees of directors. Each committee must have two or more members, who serve at the pleasure of the board of directors.

(2) The creation of a committee and appointment of members to it must be approved by the greater of (a) a majority of all the directors in office when the action is taken or (b) the number of directors required by the articles of incorporation or bylaws to take action under section 95 of this act.
Sections 91 through 95 of this act, which govern meetings, action without meetings, notice and waiver of notice, and quorum and voting requirements of the board of directors, apply to committees and their members as well.

To the extent specified by the board of directors or in the articles of incorporation or bylaws, each committee may exercise the authority of the board of directors under section 80 of this act.

A committee may not, however:
(a) Authorize or approve a distribution except according to a general formula or method prescribed by the board of directors;
(b) Approve or propose to shareholders action that this title requires be approved by shareholders;
(c) Fill vacancies on the board of directors or on any of its committees;
(d) Amend articles of incorporation pursuant to section 121 of this act;
(e) Adopt, amend, or repeal bylaws;
(f) Approve a plan of merger not requiring shareholder approval; or
(g) Authorize or approve the issuance or sale or contract for sale of shares, or determine the designation and relative rights, preferences, and limitations of a class or series of shares, except that the board of directors may authorize a committee, or a senior executive officer of the corporation to do so within limits specifically prescribed by the board of directors.

The creation of, delegation of authority to, or action by a committee does not alone constitute compliance by a director with the standards of conduct described in section 97 of this act.

NEW SECTION. Sec. 97. GENERAL STANDARDS FOR DIRECTORS. (1) A director shall discharge the duties of a director, including duties as member of a committee:
(a) In good faith;
(b) With the care an ordinarily prudent person in a like position would exercise under similar circumstances; and
(c) In a manner the director reasonably believes to be in the best interests of the corporation.

(2) In discharging the duties of a director, a director is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by:
(a) One or more officers or employees of the corporation whom the director reasonably believes to be reliable and competent in the matters presented;
(b) Legal counsel, public accountants, or other persons as to matters the director reasonably believes are within the person's professional or expert competence; or
(c) A committee of the board of directors of which the director is not a member if the director reasonably believes the committee merits confidence.
(3) A director is not acting in good faith if the director has knowledge concerning the matter in question that makes reliance otherwise permitted by subsection (2) of this section unwarranted.

(4) A director is not liable for any action taken as a director, or any failure to take any action, if the director performed the duties of the director's office in compliance with this section.

NEW SECTION. Sec. 98. LIABILITY FOR UNLAWFUL DISTRIBUTIONS. (1) A director who votes for or assents to a distribution made in violation of section 59 of this act or the articles of incorporation is personally liable to the corporation for the amount of the distribution that exceeds what could have been distributed without violating section 59 of this act or the articles of incorporation if it is established that the director did not perform the director's duties in compliance with section 97 of this act. In any proceeding commenced under this section, a director has all of the defenses ordinarily available to a director.

(2) A director held liable under subsection (1) of this section for an unlawful distribution is entitled to contribution:
   (a) From every other director who could be held liable under subsection (1) of this section for the unlawful distribution; and
   (b) From each shareholder for the amount the shareholder accepted knowing the distribution was made in violation of section 59 of this act or the articles of incorporation.

(3) A proceeding under this section is barred unless it is commenced within two years after the date on which the effect of the distribution was measured under section 59(4) of this act.

NEW SECTION. Sec. 99. LIMITATION ON LIABILITY OF DIRECTORS. The articles of incorporation may contain provisions not inconsistent with law that eliminate or limit the personal liability of a director to the corporation or its shareholders for monetary damages for conduct as a director, provided that such provisions shall not eliminate or limit the liability of a director for acts or omissions that involve intentional misconduct by a director or a knowing violation of law by a director, or for conduct violating section 98 of this act, or for any transaction from which the director will personally receive a benefit in money, property, or services to which the director is not legally entitled. No such provision shall eliminate or limit the liability of a director for any act or omission occurring prior to the date when such provision becomes effective.

NEW SECTION. Sec. 100. OFFICERS. (1) A corporation has the officers described in its bylaws or appointed by the board of directors in accordance with the bylaws.

(2) A duly appointed officer may appoint one or more officers or assistant officers if authorized by the bylaws or the board of directors.
(3) The bylaws or the board of directors shall delegate to one of the officers responsibility for preparing minutes of the directors' and shareholders' meetings and for authenticating records of the corporation.

(4) The same individual may simultaneously hold more than one office in a corporation.

NEW SECTION. Sec. 101. DUTIES OF OFFICERS. Each officer has the authority and shall perform the duties set forth in the bylaws or, to the extent consistent with the bylaws, the duties prescribed by the board of directors or by an officer authorized by the board of directors to prescribe the duties of other officers.

NEW SECTION. Sec. 102. STANDARDS OF CONDUCT FOR OFFICERS. (1) An officer with discretionary authority shall discharge the officer's duties under that authority:

(a) In good faith;

(b) With the care an ordinarily prudent person in a like position would exercise under similar circumstances; and

(c) In a manner the officer reasonably believes to be in the best interests of the corporation.

(2) In discharging the officer's duties, the officer is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by:

(a) One or more officers or employees of the corporation whom the officer reasonably believes to be reliable and competent in the matters presented; or

(b) Legal counsel, public accountants, or other persons as to matters the officer reasonably believes are within the person's professional or expert competence.

(3) An officer is not acting in good faith if the officer has knowledge concerning the matter in question that makes reliance otherwise permitted by subsection (2) of this section unwarranted.

(4) An officer is not liable for any action taken as an officer, or any failure to take any action, if the officer performed the duties of the officer's office in compliance with this section.

NEW SECTION. Sec. 103. RESIGNATION AND REMOVAL OF OFFICERS. (1) An officer may resign at any time by delivering notice to the corporation. A resignation is effective when the notice is delivered unless the notice specifies a later effective date.

(2) A board of directors may remove any officer at any time with or without cause. An officer or assistant officer, if appointed by another officer, may be removed by any officer authorized to appoint officers or assistant officers.

NEW SECTION. Sec. 104. CONTRACT RIGHTS OF OFFICERS. (1) The appointment of an officer does not itself create contract rights.
(2) An officer's removal does not affect the officer's contract rights, if any, with the corporation. An officer's resignation does not affect the corporation's contract rights, if any, with the officer.

NEW SECTION. Sec. 105. INDEMNIFICATION DEFINITIONS. For purposes of sections 106 through 115 of this act:

(1) "Corporation" includes any domestic or foreign predecessor entity of a corporation in a merger or other transaction in which the predecessor's existence ceased upon consummation of the transaction.

(2) "Director" means an individual who is or was a director of a corporation or an individual who, while a director of a corporation, is or was serving at the corporation's request as a director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise. A director is considered to be serving an employee benefit plan at the corporation's request if the director's duties to the corporation also impose duties on, or otherwise involve services by, the director to the plan or to participants in or beneficiaries of the plan. "Director" includes, unless the context requires otherwise, the estate or personal representative of a director.

(3) "Expenses" include counsel fees.

(4) "Liability" means the obligation to pay a judgment, settlement, penalty, fine, including an excise tax assessed with respect to an employee benefit plan, or reasonable expenses incurred with respect to a proceeding.

(5) "Official capacity" means: (a) When used with respect to a director, the office of director in a corporation; and (b) when used with respect to an individual other than a director, as contemplated in section 112 of this act, the office in a corporation held by the officer or the employment or agency relationship undertaken by the employee or agent on behalf of the corporation. "Official capacity" does not include service for any other foreign or domestic corporation or any partnership, joint venture, trust, employee benefit plan, or other enterprise.

(6) "Party" includes an individual who was, is, or is threatened to be made a named defendant or respondent in a proceeding.

(7) "Proceeding" means any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative and whether formal or informal.

NEW SECTION. Sec. 106. AUTHORITY TO INDEMNIFY. (1) Except as provided in subsection (4) of this section, a corporation may indemnify an individual made a party to a proceeding because the individual is or was a director against liability incurred in the proceeding if:

(a) The individual acted in good faith; and

(b) The individual reasonably believed:

(i) In the case of conduct in the individual's official capacity with the corporation, that the individual's conduct was in its best interests; and
(ii) In all other cases, that the individual's conduct was at least not opposed to its best interests; and
(c) In the case of any criminal proceeding, the individual had no reasonable cause to believe the individual's conduct was unlawful.

(2) A director's conduct with respect to an employee benefit plan for a purpose the director reasonably believed to be in the interests of the participants in and beneficiaries of the plan is conduct that satisfies the requirement of subsection (1)(b)(ii) of this section.

(3) The termination of a proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent is not, of itself, determinative that the director did not meet the standard of conduct described in this section.

(4) A corporation may not indemnify a director under this section:
(a) In connection with a proceeding by or in the right of the corporation in which the director was adjudged liable to the corporation; or
(b) In connection with any other proceeding charging improper personal benefit to the director, whether or not involving action in the director's official capacity, in which the director was adjudged liable on the basis that personal benefit was improperly received by the director.

(5) Indemnification permitted under this section in connection with a proceeding by or in the right of the corporation is limited to reasonable expenses incurred in connection with the proceeding.

NEW SECTION. Sec. 107. MANDATORY INDEMNIFICATION. Unless limited by its articles of incorporation, a corporation shall indemnify a director who was wholly successful, on the merits or otherwise, in the defense of any proceeding to which the director was a party because of being a director of the corporation against reasonable expenses incurred by the director in connection with the proceeding.

NEW SECTION. Sec. 108. ADVANCE FOR EXPENSES. (1) A corporation may pay for or reimburse the reasonable expenses incurred by a director who is a party to a proceeding in advance of final disposition of the proceeding if:
(a) The director furnishes the corporation a written affirmation of the director's good faith belief that the director has met the standard of conduct described in section 106 of this act; and
(b) The director furnishes the corporation a written undertaking, executed personally or on the director's behalf, to repay the advance if it is ultimately determined that the director did not meet the standard of conduct.

(2) The undertaking required by subsection (1)(b) of this section must be an unlimited general obligation of the director but need not be secured and may be accepted without reference to financial ability to make repayment.
(3) Authorization of payments under this section may be made by provision in the articles of incorporation or bylaws, by resolution adopted by the shareholders or board of directors, or by contract.

NEW SECTION. Sec. 109. COURT-ORDERED INDEMNIFICATION. Unless a corporation's articles of incorporation provide otherwise, a director of a corporation who is a party to a proceeding may apply for indemnification or advance of expenses to the court conducting the proceeding or to another court of competent jurisdiction. On receipt of an application, the court after giving any notice the court considers necessary may order indemnification or advance of expenses if it determines:

(1) The director is entitled to mandatory indemnification under section 107 of this act, in which case the court shall also order the corporation to pay the director's reasonable expenses incurred to obtain court-ordered indemnification;

(2) The director is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, whether or not the director met the standard of conduct set forth in section 106 of this act or was adjudged liable as described in section 106(4) of this act, but if the director was adjudged so liable the director's indemnification is limited to reasonable expenses incurred unless the articles of incorporation or a bylaw, contract, or resolution approved or ratified by the shareholders pursuant to section 111 of this act provides otherwise; or

(3) In the case of an advance of expenses, the director is entitled pursuant to the articles of incorporation, bylaws, or any applicable resolution or contract, to payment or reimbursement of the director's reasonable expenses incurred as a party to the proceeding in advance of final disposition of the proceeding.

NEW SECTION. Sec. 110. DETERMINATION AND AUTHORIZATION OF INDEMNIFICATION. (1) A corporation may not indemnify a director under section 106 of this act unless authorized in the specific case after a determination has been made that indemnification of the director is permissible in the circumstances because the director has met the standard of conduct set forth in section 106 of this act.

(2) The determination shall be made:

(a) By the board of directors by majority vote of a quorum consisting of directors not at the time parties to the proceeding;

(b) If a quorum cannot be obtained under (a) of this subsection, by majority vote of a committee duly designated by the board of directors, in which designation directors who are parties may participate, consisting solely of two or more directors not at the time parties to the proceeding;

(c) By special legal counsel:

(i) Selected by the board of directors or its committee in the manner prescribed in (a) or (b) of this subsection; or
(ii) If a quorum of the board of directors cannot be obtained under (a) of this subsection and a committee cannot be designated under (b) of this subsection, selected by majority vote of the full board of directors, in which selection directors who are parties may participate; or

(d) By the shareholders, but shares owned by or voted under the control of directors who are at the time parties to the proceeding may not be voted on the determination.

(3) Authorization of indemnification and evaluation as to reasonableness of expenses shall be made in the same manner as the determination that indemnification is permissible, except that if the determination is made by special legal counsel, authorization of indemnification and evaluation as to reasonableness of expenses shall be made by those entitled under subsection (2)(c) of this section to select counsel.

NEW SECTION, Sec. 111. SHAREHOLDER AUTHORIZED INDEMNIFICATION AND ADVANCEMENT OF EXPENSES. (1) If authorized by the articles of incorporation, a bylaw adopted or ratified by the shareholders, or a resolution adopted or ratified, before or after the event, by the shareholders, a corporation shall have power to indemnify or agree to indemnify a director made a party to a proceeding, or obligate itself to advance or reimburse expenses incurred in a proceeding, without regard to the limitations in sections 106 through 110 of this act, provided that no such indemnity shall indemnify any director from or on account of:

(a) Acts or omissions of the director finally adjudged to be intentional misconduct or a knowing violation of law;

(b) Conduct of the director finally adjudged to be in violation of section 98 of this act; or

(c) Any transaction with respect to which it was finally adjudged that such director personally received a benefit in money, property, or services to which the director was not legally entitled.

(2) Unless the articles of incorporation, or a bylaw or resolution adopted or ratified by the shareholders, provide otherwise, any determination as to any indemnity or advance of expenses under subsection (1) of this section shall be made in accordance with section 110 of this act.

NEW SECTION, Sec. 112. INDEMNIFICATION OF OFFICERS, EMPLOYEES AND AGENTS. Unless a corporation's articles of incorporation provide otherwise:

(1) An officer of the corporation who is not a director is entitled to mandatory indemnification under section 107 of this act, and is entitled to apply for court-ordered indemnification under section 109 of this act, in each case to the same extent as a director;

(2) The corporation may indemnify and advance expenses under sections 106 through 111 of this act to an officer, employee, or agent of the corporation who is not a director to the same extent as to a director; and
A corporation may also indemnify and advance expenses to an officer, employee, or agent who is not a director to the extent, consistent with law, that may be provided by its articles of incorporation, bylaws, general or specific action of its board of directors, or contract.

NEW SECTION. Sec. 113. INSURANCE. A corporation may purchase and maintain insurance on behalf of an individual who is or was a director, officer, employee, or agent of the corporation, or who, while a director, officer, employee, or agent of the corporation, is or was serving at the request of the corporation as a director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise, against liability asserted against or incurred by the individual in that capacity or arising from the individual's status as a director, officer, employee, or agent, whether or not the corporation would have power to indemnify the individual against the same liability under section 106 or 107 of this act.

NEW SECTION. Sec. 114. APPLICATION OF SECTIONS 105 THROUGH 113 OF THIS ACT. (1) A provision treating a corporation's indemnification of or advance for expenses to directors that is contained in its articles of incorporation, bylaws, a resolution of its shareholders or board of directors, or in a contract or otherwise, is valid only if and to the extent the provision is consistent with sections 105 through 113 of this act. If articles of incorporation limit indemnification or advance for expenses, indemnification and advance for expenses are valid only to the extent consistent with the articles of incorporation.

(2) Sections 105 through 113 of this act do not limit a corporation's power to pay or reimburse expenses incurred by a director in connection with the director's appearance as a witness in a proceeding at a time when the director has not been made a named defendant or respondent to the proceeding.

NEW SECTION. Sec. 115. REPORT TO SHAREHOLDERS. If a corporation indemnifies or advances expenses to a director under sections 106, 107, 108, 109, or 111 of this act in connection with a proceeding by or in the right of the corporation, the corporation shall report the indemnification or advance in writing to the shareholders with or before the notice of the next shareholders' meeting.

NEW SECTION. Sec. 116. DEFINITIONS FOR SECTIONS 117 THROUGH 119 OF THIS ACT. For purposes of sections 117 through 119 of this act:

(1) "Conflicting interest" with respect to a corporation means the interest a director of the corporation has respecting a transaction effected or proposed to be effected by the corporation, or by a subsidiary of the corporation or any other entity in which the corporation has a controlling interest, if:
(a) Whether or not the transaction is brought before the board of directors of the corporation for action, the director knows at the time of commitment that the director or a related person is a party to the transaction or has a beneficial financial interest in or so closely linked to the transaction and of such financial significance to the director or a related person that the interest would reasonably be expected to exert an influence on the director's judgment if the director were called upon to vote on the transaction; or

(b) The transaction is brought, or is of such character and significance to the corporation that it would in the normal course be brought, before the board of directors of the corporation for action, and the director knows at the time of commitment that any of the following persons is either a party to the transaction or has a beneficial financial interest in or so closely linked to the transaction and of such financial significance to the person that the interest would reasonably be expected to exert an influence on the director's judgment if the director were called upon to vote on the transaction: (i) An entity, other than the corporation, of which the director is a director, general partner, agent, or employee; (ii) a person that controls one or more of the entities specified in (b)(i) of this subsection or an entity that is controlled by, or is under common control with, one or more of the entities specified in (b)(i) of this subsection; or (iii) an individual who is a general partner, principal, or employer of the director.

(2) "Director's conflicting interest transaction" with respect to a corporation means a transaction effected or proposed to be effected by the corporation, or by a subsidiary of the corporation or any other entity in which the corporation has a controlling interest, respecting which a director of the corporation has a conflicting interest.

(3) "Related person" of a director means (a) the spouse, or a parent or sibling thereof, of the director, or a child, grandchild, sibling, parent, or spouse of any thereof, of the director, or an individual having the same home as the director, or a trust or estate of which an individual specified herein is a substantial beneficiary; or (b) a trust, estate, incompetent, conservatee, or minor of which the director is a fiduciary.

(4) "Required disclosure" means disclosure by the director who has a conflicting interest of (a) the existence and nature of the director's conflicting interest, and (b) all facts known to the director respecting the subject matter of the transaction that an ordinarily prudent person would reasonably believe to be material to a judgment about whether or not to proceed with the transaction.

(5) "Time of commitment" respecting a transaction means the time when the transaction is consummated or, if made pursuant to contract, the time when the corporation, or its subsidiary or the entity in which it has a controlling interest, becomes contractually obligated so that its unilateral withdrawal from the transaction would entail significant loss, liability, or other damage.

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NEW SECTION. Sec. 117. JUDICIAL ACTION. (1) A transaction effected or proposed to be effected by a corporation, or by a subsidiary of the corporation or any other entity in which the corporation has a controlling interest, that is not a director's conflicting interest transaction may not be enjoined, set aside, or give rise to an award of damages or other sanctions, in a proceeding by a shareholder or by or in the right of the corporation, because a director of the corporation, or any person with whom or which the director has a personal, economic, or other association, has an interest in the transaction.

(2) A director's conflicting interest transaction may not be enjoined, set aside, or give rise to an award of damages or other sanctions, in a proceeding by a shareholder or by or in the right of the corporation, because the director, or any person with whom or which the director has a personal, economic, or other association, has an interest in the transaction, if:

(a) Directors' action respecting the transaction was at any time taken in compliance with section 118 of this act;

(b) Shareholders' action respecting the transaction was at any time taken in compliance with section 119 of this act; or

(c) The transaction, judged according to the circumstances at the time of commitment, is established to have been fair to the corporation.

NEW SECTION. Sec. 118. DIRECTORS' ACTION. (1) Directors' action respecting a transaction is effective for purposes of section 117(2)(a) of this act if the transaction received the affirmative vote of a majority, but no fewer than two, of those qualified directors on the board of directors or on a duly empowered committee of the board who voted on the transaction after either required disclosure to them, to the extent the information was not known by them, or compliance with subsection (2) of this section, provided that action by a committee is so effective only if:

(a) All its members are qualified directors; and

(b) Its members are either all the qualified directors on the board or are appointed by the affirmative vote of a majority of the qualified directors on the board.

(2) If a director has a conflicting interest respecting a transaction, but neither the director nor a related person of the director specified in section 116(3)(a) of this act is a party to the transaction, and if the director has a duty under law or professional canon, or a duty of confidentiality to another person, respecting information relating to the transaction such that the director may not make the disclosure described in section 116(4)(b) of this act, then disclosure is sufficient for purposes of subsection (1) of this section if the director (a) discloses to the directors voting on the transaction the existence and nature of the director's conflicting interest and informs them of the character and limitations imposed by that duty before their vote on the transaction, and (b) plays no part, directly or indirectly, in their deliberations or vote.
(3) A majority, but no fewer than two, of all the qualified directors on the board of directors, or on the committee, constitutes a quorum for purposes of action that complies with this section. Directors' action that otherwise complies with this section is not affected by the presence or vote of a director who is not a qualified director.

(4) For purposes of this section "qualified director" means, with respect to a director's conflicting interest transaction, any director who does not have either (a) a conflicting interest respecting the transaction, or (b) a familial, financial, professional, or employment relationship with a second director who does have a conflicting interest respecting the transaction, which relationship would, in the circumstances, reasonably be expected to exert an influence on the first director's judgment when voting on the transaction.

NEW SECTION. Sec. 119. SHAREHOLDERS' ACTION. (1) Shareholders' action respecting a transaction is effective for purposes of section 117(2)(b) of this act if a majority of the votes entitled to be cast by the holders of all qualified shares were cast in favor of the transaction after (a) notice to shareholders describing the director's conflicting interest transaction, (b) provision of the information referred to in subsection (4) of this section, and (c) required disclosure to the shareholders who voted on the transaction, to the extent the information was not known by them.

(2) For purposes of this section, "qualified shares" means any shares entitled to vote with respect to the director's conflicting interest transaction except shares that, to the knowledge, before the vote, of the secretary, or other officer or agent of the corporation authorized to tabulate votes, are beneficially owned, or the voting of which is controlled, by a director who has a conflicting interest respecting the transaction or by a related person of the director, or both.

(3) A majority of the votes entitled to be cast by the holders of all qualified shares constitutes a quorum for purposes of action that complies with this section. Subject to the provisions of subsections (4) and (5) of this section, shareholders' action that otherwise complies with this section is not affected by the presence of holders, or the voting, of shares that are not qualified shares.

(4) For purposes of compliance with subsection (1) of this section, a director who has a conflicting interest respecting the transaction shall, before the shareholders' vote, inform the secretary, or other officer or agent of the corporation authorized to tabulate votes, of the number, and the identity of persons holding or controlling the vote, of all shares that the director knows are beneficially owned, or the voting of which is controlled, by the director, or by a related person of the director, or both.

(5) If a shareholders' vote does not comply with subsection (1) of this section solely because of a failure of a director to comply with subsection (4) of this section, and if the director establishes that the director's failure
did not determine and was not intended by the director to influence the outcome of the vote, the court may, with or without further proceedings respecting section 117(2)(c) of this act, take such action respecting the transaction and the director, and give such effect, if any, to the shareholders' vote, as it considers appropriate in the circumstances.

AMENDMENT OF ARTICLES OF INCORPORATION AND BYLAWS

NEW SECTION. Sec. 120. AUTHORITY TO AMEND ARTICLES OF INCORPORATION. (1) A corporation may amend its articles of incorporation at any time to add or change a provision that is required or permitted in the articles of incorporation or to delete a provision not required in the articles of incorporation. Whether a provision is required or permitted in the articles of incorporation is determined as of the effective date of the amendment.

(2) A shareholder of the corporation does not have a vested property right resulting from any provision in the articles of incorporation, including provisions relating to management, control, capital structure, dividend entitlement, or purpose or duration of the corporation.

NEW SECTION. Sec. 121. AMENDMENT OF ARTICLES OF INCORPORATION BY BOARD OF DIRECTORS. Unless the articles of incorporation provide otherwise, a corporation's board of directors may adopt one or more amendments to the corporation's articles of incorporation without shareholder action:

(1) If the corporation has only one class of shares outstanding, to provide, change, or eliminate any provision with respect to the par value of any class of shares;

(2) To delete the names and addresses of the initial directors;

(3) To delete the name and address of the initial registered agent or registered office, if a statement of change is on file with the secretary of state;

(4) If the corporation has only one class of shares outstanding, solely to change the number of authorized shares to effectuate a split of, or stock dividend in, the corporation's own shares, or solely to do so and to change the number of authorized shares in proportion thereto;

(5) To change the corporate name; or

(6) To make any other change expressly permitted by this title to be made without shareholder action.

NEW SECTION. Sec. 122. AMENDMENT OF ARTICLES OF INCORPORATION BY BOARD OF DIRECTORS AND SHAREHOLDERS. (1) A corporation's board of directors may propose one or more amendments to the articles of incorporation for submission to the shareholders.

(2) For the amendment to be adopted:
(a) The board of directors must recommend the amendment to the shareholders unless the board of directors determines that because of conflict of interest or other special circumstances it should make no recommendation and communicates the basis for its determination to the shareholders with the amendment; and

(b) The shareholders entitled to vote on the amendment must approve the amendment as provided in subsection (5) of this section.

(3) The board of directors may condition its submission of the proposed amendment on any basis.

(4) The corporation shall notify each shareholder, whether or not entitled to vote, of the proposed shareholders' meeting in accordance with section 62 of this act. The notice of meeting must also state that the purpose, or one of the purposes, of the meeting is to consider the proposed amendment and contain or be accompanied by a copy of the amendment.

(5) Unless this title, the articles of incorporation, or the board of directors, acting pursuant to subsection (3) of this section, require a greater vote or a vote by voting groups, the amendment to be adopted must be approved by each voting group entitled to vote thereon by two-thirds, or, in the case of a public company, a majority, of all the votes entitled to be cast by that voting group. The articles of incorporation of a corporation other than a public company may provide for a lesser vote than that provided for in this subsection, or for a lesser vote by separate voting groups, so long as the vote provided for each voting group entitled to vote separately on the amendment is not less than a majority of all the votes entitled to be cast on the amendment by that voting group.

NEW SECTION. Sec. 123. VOTING ON AMENDMENTS TO ARTICLES OF INCORPORATION BY VOTING GROUPS. (1) The holders of the outstanding shares of a class are entitled to vote as a separate voting group, if shareholder voting is otherwise required by this title, on a proposed amendment if the amendment would:

(a) Increase or decrease the aggregate number of authorized shares of the class;

(b) Effect an exchange or reclassification of all or part of the shares of the class into shares of another class;

(c) Effect an exchange or reclassification, or create the right of exchange, of all or part of the shares of another class into shares of the class;

(d) Change the designation, rights, preferences, or limitations of all or part of the shares of the class;

(e) Change the shares of all or part of the class into a different number of shares of the same class;

(f) Create a new class of shares having rights or preferences with respect to distributions or to dissolution that are prior, superior, or substantially equal to the shares of the class;
(g) Increase the rights, preferences, or number of authorized shares of any class that, after giving effect to the amendment, have rights or preferences with respect to distributions or to dissolution that are prior, superior, or substantially equal to the shares of the class;

(h) Limit or deny an existing preemptive right of all or part of the shares of the class; or

(i) Cancel or otherwise affect rights to distributions or dividends that have accumulated but not yet been declared on all or part of the shares of the class.

(2) If a proposed amendment would affect only a series of a class of shares in one or more of the ways described in subsection (1) of this section, only the shares of that series are entitled to vote as a separate voting group on the proposed amendment.

(3) If a proposed amendment that entitles two or more series of shares within a class to vote as separate voting groups under this section would affect those two or more series in the same or a substantially similar way, the shares of all the series within the class so affected must vote together as a single voting group on the proposed amendment.

(4) A class or series of shares is entitled to the voting rights granted by this section although the articles of incorporation provide that the shares are nonvoting shares.

NEW SECTION. Sec. 124. AMENDMENT OF ARTICLES OF INCORPORATION BEFORE ISSUANCE OF SHARES. If a corporation has not yet issued shares, its board of directors, or incorporators if initial directors were not named in the articles of incorporation and have not been elected, may adopt one or more amendments to the corporation's articles of incorporation.

NEW SECTION. Sec. 125. ARTICLES OF AMENDMENT. A corporation amending its articles of incorporation shall deliver to the secretary of state for filing articles of amendment setting forth:

(1) The name of the corporation;
(2) The text of each amendment adopted;
(3) If an amendment provides for an exchange, reclassification, or cancellation of issued shares, provisions for implementing the amendment if not contained in the amendment itself;
(4) The date of each amendment's adoption;
(5) If an amendment was adopted by the incorporators or board of directors without shareholder action, a statement to that effect and that shareholder action was not required; and
(6) If shareholder action was required, a statement that the amendment was duly approved by the shareholders in accordance with the provisions of sections 122 and 123 of this act.
NEW SECTION. Sec. 126. RESTATED ARTICLES OF INCORPORATION. (1) Any officer of the corporation may restate its articles of incorporation at any time.

(2) A restatement may include one or more amendments to the articles of incorporation. If the restatement includes an amendment not requiring shareholder approval, it must be adopted by the board of directors. If the restatement includes an amendment requiring shareholder approval, it must be adopted in accordance with section 122 of this act.

(3) If the board of directors submits a restatement for shareholder action, the corporation shall notify each shareholder, whether or not entitled to vote, of the proposed shareholders' meeting in accordance with section 64 of this act. The notice must also state that the purpose, or one of the purposes, of the meeting is to consider the proposed restatement and contain or be accompanied by a copy of the restatement that identifies any amendment or other change it would make in the articles of incorporation.

(4) A corporation restating its articles of incorporation shall deliver to the secretary of state for filing articles of restatement setting forth the name of the corporation and the text of the restated articles of incorporation together with a certificate setting forth:
   (a) If the restatement does not include an amendment to the articles of incorporation, a statement to that effect;
   (b) If the restatement contains an amendment to the articles of incorporation not requiring shareholder approval, a statement that the board of directors adopted the restatement and the date of such adoption; or
   (c) If the restatement contains an amendment to the articles of incorporation requiring shareholder approval, the information required by section 125 of this act.

(5) Duly adopted restated articles of incorporation supersede the original articles of incorporation and all amendments to them.

(6) The secretary of state may certify restated articles of incorporation, as the articles of incorporation currently in effect, without including the certificate information required by subsection (4) of this section.

NEW SECTION. Sec. 127. AMENDMENT OF ARTICLES OF INCORPORATION PURSUANT TO REORGANIZATION. (1) A corporation's articles of incorporation may be amended without action by the board of directors or shareholders to carry out a plan of reorganization ordered or decreed by a court of competent jurisdiction under federal statute if the articles of incorporation after amendment contain only provisions required or permitted by section 27 of this act.

(2) The individual or individuals designated by the court shall deliver to the secretary of state for filing articles of amendment setting forth:
   (a) The name of the corporation;
   (b) The text of each amendment approved by the court;
(c) The date of the court's order or decree approving the articles of amendment;
(d) The title of the reorganization proceeding in which the order or decree was entered; and
(e) A statement that the court had jurisdiction of the proceeding under federal statute.

(3) Shareholders of a corporation undergoing reorganization do not have dissenters' rights except as and to the extent provided in the reorganization plan.

(4) This section does not apply after entry of a final decree in the reorganization proceeding even though the court retains jurisdiction of the proceeding for limited purposes unrelated to consummation of the reorganization plan.

NEW SECTION. Sec. 128. EFFECT OF AMENDMENT OF ARTICLES OF INCORPORATION. An amendment to articles of incorporation does not affect a cause of action existing against or in favor of the corporation, a proceeding to which the corporation is a party, or the existing rights of persons other than shareholders of the corporation. An amendment changing a corporation's name does not abate a proceeding brought by or against the corporation in its former name.

NEW SECTION. Sec. 129. AMENDMENT OF BYLAWS BY BOARD OF DIRECTORS OR SHAREHOLDERS. (1) A corporation's board of directors may amend or repeal the corporation's bylaws, or adopt new bylaws, unless:
(a) The articles of incorporation or this title reserve this power exclusively to the shareholders in whole or part; or
(b) The shareholders, in amending or repealing a particular bylaw, provide expressly that the board of directors may not amend or repeal that bylaw.

(2) A corporation's shareholders may amend or repeal the corporation's bylaws, or adopt new bylaws, even though the bylaws may also be amended or repealed, or new bylaws may also be adopted, by its board of directors.

NEW SECTION. Sec. 130. BYLAW INCREASING QUORUM OR VOTING REQUIREMENTS FOR DIRECTORS. (1) A bylaw that fixes a greater quorum or voting requirement for the board of directors may be amended or repealed:
(a) If originally adopted by the shareholders, only by the shareholders; or
(b) If originally adopted by the board of directors, either by the shareholders or by the board of directors.
(2) A bylaw adopted or amended by the shareholders that fixes a greater quorum or voting requirement for the board of directors may provide that it may be amended or repealed only by a specified vote of either the shareholders or the board of directors.

(3) If the corporation is a public company, action by the board of directors under subsection (1)(b) of this section to adopt or amend a bylaw that changes the quorum or voting requirement for the board of directors must meet the quorum requirement and be adopted by the vote required to take action under the quorum and voting requirement then in effect.

(4) If the corporation is not a public company, action by the board of directors under subsection (1)(b) of this section to adopt or amend a bylaw that changes the quorum or voting requirement for the board of directors must meet the same quorum requirement and be adopted by the same vote required to take action under the quorum and voting requirement then in effect or proposed to be adopted, whichever is greater.

MERGER AND SHARE EXCHANGE

NEW SECTION. Sec. 131. MERGER. (1) One or more corporations may merge into another corporation if the board of directors of each corporation adopts and its shareholders, if required by section 133 of this act, approve a plan of merger.

(2) The plan of merger must set forth:
(a) The name of each corporation planning to merge and the name of the surviving corporation into which each other corporation plans to merge;
(b) The terms and conditions of the merger; and
(c) The manner and basis of converting the shares of each corporation into shares, obligations, or other securities of the surviving or any other corporation or into cash or other property in whole or part.

(3) The plan of merger may set forth:
(a) Amendments to the articles of incorporation of the surviving corporation; and
(b) Other provisions relating to the merger.

NEW SECTION. Sec. 132. SHARE EXCHANGE. (1) A corporation may acquire all of the outstanding shares of one or more classes or series of another corporation if the board of directors of each corporation adopts and its shareholders, if required by section 133 of this act, approve the exchange.

(2) The plan of exchange must set forth:
(a) The name of the corporation whose shares will be acquired and the name of the acquiring corporation;
(b) The terms and conditions of the exchange;
(c) The manner and basis of exchanging the shares to be acquired for shares, obligations, or other securities of the acquiring or any other corporation or for cash or other property in whole or part.
(3) The plan of exchange may set forth other provisions relating to the exchange.

(4) This section does not limit the power of a corporation to acquire all or part of the shares of one or more classes or series of another corporation through a voluntary exchange or otherwise.

NEW SECTION, Sec. 133. ACTION ON PLAN OF MERGER OR SHARE EXCHANGE. (1) After adopting a plan of merger or share exchange, the board of directors of each corporation party to the merger, and the board of directors of the corporation whose shares will be acquired in the share exchange, shall submit the plan of merger, except as provided in subsection (7) of this section, or share exchange for approval by its shareholders.

(2) For a plan of merger or share exchange to be approved:
   (a) The board of directors must recommend the plan of merger or share exchange to the shareholders, unless the board of directors determines that because of conflict of interest or other special circumstances it should make no recommendation and communicates the basis for its determination to the shareholders with the plan; and
   (b) The shareholders entitled to vote must approve the plan.

(3) The board of directors may condition its submission of the proposed merger or share exchange on any basis.

(4) The corporation shall notify each shareholder, whether or not entitled to vote, of the proposed shareholders' meeting in accordance with section 64 of this act. The notice must also state that the purpose, or one of the purposes, of the meeting is to consider the plan of merger or share exchange and contain or be accompanied by a copy or summary of the plan.

(5) Unless this title, the articles of incorporation, or the board of directors, acting pursuant to subsection (3) of this section, require a greater vote or a vote by voting groups, the plan of merger to be authorized must be approved by each voting group entitled to vote separately on the plan by two-thirds of all the votes entitled to be cast on the plan by that voting group. The articles of incorporation may provide for a lesser vote than that provided in this subsection, or for a lesser vote by separate voting groups, so long as the vote provided for each voting group entitled to vote separately on the plan of merger is not less than a majority of all the votes entitled to be cast on the plan by that voting group. Separate voting by voting groups is required on a plan of merger if the plan contains a provision that, if contained in a proposed amendment to articles of incorporation, would require action by one or more separate voting groups on the proposed amendment under section 123 of this act.

(6) Unless this title, the articles of incorporation, or the board of directors, acting pursuant to subsection (3) of this section, require a greater vote or a vote by voting groups, the plan of share exchange to be authorized must be approved by each voting group entitled to vote separately on the
plan by two-thirds of all the votes entitled to be cast on the plan by that voting group. The articles of incorporation may provide for a lesser vote than that provided in this subsection, or for a lesser vote by separate voting groups, so long as the vote provided for each voting group entitled to vote separately on the plan of share exchange is not less than a majority of all the votes entitled to be cast on the plan of share exchange by that voting group. Separate voting by voting groups is required on a plan of share exchange by each class or series of shares included in the exchange, with each class or series constituting a separate voting group.

(7) Action by the shareholders of the surviving corporation on a plan of merger is not required if:

(a) The articles of incorporation of the surviving corporation will not differ, except for amendments enumerated in section 121 of this act, from its articles of incorporation before the merger;

(b) Each shareholder of the surviving corporation whose shares were outstanding immediately before the effective date of the merger will hold the same number of shares, with identical designations, preferences, limitations, and relative rights, immediately after the merger;

(c) The number of voting shares outstanding immediately after the merger, plus the number of voting shares issuable as a result of the merger, either by the conversion of securities issued pursuant to the merger or the exercise of rights and warrants issued pursuant to the merger, will not exceed the total number of voting shares of the surviving corporation authorized by its articles of incorporation immediately before the merger; and

(d) The number of participating shares outstanding immediately after the merger, plus the number of participating shares issuable as a result of the merger, either by the conversion of securities issued pursuant to the merger or the exercise of rights and warrants issued pursuant to the merger, will not exceed the total number of participating shares authorized by its articles of incorporation immediately before the merger.

(8) As used in subsection (7) of this section:

(a) "Participating shares" means shares that entitle their holders to participate without limitation in distributions.

(b) "Voting shares" means shares that entitle their holders to vote unconditionally in elections of directors.

(9) After a merger or share exchange is authorized, and at any time before articles of merger or share exchange are filed, the planned merger or share exchange may be abandoned, subject to any contractual rights, without further shareholder action, in accordance with the procedure set forth in the plan of merger or share exchange or, if none is set forth, in the manner determined by the board of directors.

NEW SECTION. Sec. 134. MERGER OF SUBSIDIARY. (1) A parent corporation owning at least ninety percent of the outstanding shares
of each class of a subsidiary corporation may merge the subsidiary into itself without approval of the shareholders of the parent or subsidiary.

(2) The board of directors of the parent shall adopt a plan of merger that sets forth:

(a) The names of the parent and subsidiary; and
(b) The manner and basis of converting the shares of the subsidiary into shares, obligations, or other securities of the parent or any other corporation or into cash or other property in whole or part.

(3) Within ten days after the corporate action is taken, the parent shall mail a copy of the plan of merger to each shareholder of the subsidiary.

(4) Articles of merger under this section may not contain amendments to the articles of incorporation of the parent corporation, except for amendments enumerated in section 121 of this act.

NEW SECTION. Sec. 135. ARTICLES OF MERGER OR SHARE EXCHANGE. After a plan of merger or share exchange is approved by the shareholders, or adopted by the board of directors if shareholder approval is not required, the surviving or acquiring corporation shall deliver to the secretary of state for filing articles of merger or share exchange setting forth:

(1) The plan of merger or share exchange;
(2) If shareholder approval was not required, a statement to that effect; or
(3) If approval of the shareholders of one or more corporations party to the merger or share exchange was required, a statement that the merger or share exchange was duly approved by the shareholders pursuant to section 133 of this act.

NEW SECTION. Sec. 136. EFFECT OF MERGER OR SHARE EXCHANGE. (1) When a merger takes effect:

(a) Every other corporation party to the merger merges into the surviving corporation and the separate existence of every corporation except the surviving corporation ceases;
(b) The title to all real estate and other property owned by each corporation party to the merger is vested in the surviving corporation without reversion or impairment;
(c) The surviving corporation has all liabilities of each corporation party to the merger;
(d) A proceeding pending against any corporation party to the merger may be continued as if the merger did not occur or the surviving corporation may be substituted in the proceeding for the corporation whose existence ceased;
(e) The articles of incorporation of the surviving corporation are amended to the extent provided in the plan of merger; and
(f) The former holders of the shares of every corporation party to the merger are entitled only to the rights provided in the articles of merger or to their rights under sections 140 through 153 of this act.
(2) When a share exchange takes effect, the shares of each acquired corporation are exchanged as provided in the plan, and the former holders of the shares are entitled only to the exchange rights provided in the articles of share exchange or to their rights under sections 140 through 153 of this act.

NEW SECTION. Sec. 137. MERGER OR SHARE EXCHANGE WITH FOREIGN CORPORATION. (1) One or more foreign corporations may merge or enter into a share exchange with one or more domestic corporations if:

(a) In a merger, the merger is permitted by the law of the state or country under whose law each foreign corporation is incorporated and each foreign corporation complies with that law in effecting the merger;

(b) In a share exchange, the corporation whose shares will be acquired is a domestic corporation, whether or not a share exchange is permitted by the law of the state or country under whose law the acquiring corporation is incorporated;

(c) The foreign corporation complies with section 135 of this act if it is the surviving corporation of the merger or acquiring corporation of the share exchange; and

(d) Each domestic corporation complies with the applicable provisions of sections 131 through 134 of this act and, if it is the surviving corporation of the merger or acquiring corporation of the share exchange, with section 135 of this act.

(2) Upon the merger or share exchange taking effect, the surviving foreign corporation of a merger and the acquiring foreign corporation of a share exchange is deemed:

(a) To appoint the secretary of state as its agent for service of process in a proceeding to enforce any obligation or the rights of dissenting shareholders of each domestic corporation party to the merger or share exchange; and

(b) To agree that it will promptly pay to the dissenting shareholders of each domestic corporation party to the merger or share exchange the amount, if any, to which they are entitled under sections 140 through 153 of this act.

(3) This section does not limit the power of a foreign corporation to acquire all or part of the shares of one or more classes or series of a domestic corporation through a voluntary exchange or otherwise.

SALE OF ASSETS

NEW SECTION. Sec. 138. SALE OF ASSETS IN REGULAR COURSE OF BUSINESS AND MORTGAGE OF ASSETS. (1) A corporation may on the terms and conditions and for the consideration determined by the board of directors:

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(a) Sell, lease, exchange, or otherwise dispose of all, or substantially all, of its property in the usual and regular course of business; or

(b) Mortgage, pledge, dedicate to the repayment of indebtedness, whether with or without recourse, or otherwise encumber any or all of its property whether or not in the usual and regular course of business.

(2) Unless the articles of incorporation require it, approval by the shareholders of a transaction described in subsection (1) of this section.

NEW SECTION. Sec. 139. SALE OF ASSETS OTHER THAN IN THE REGULAR COURSE OF BUSINESS. (1) A corporation may sell, lease, exchange, or otherwise dispose of all, or substantially all, of its property, otherwise than in the usual and regular course of business, on the terms and conditions and for the consideration determined by the corporation's board of directors, if the board of directors proposes and its shareholders approve the proposed transaction.

(2) For a transaction to be authorized:

(a) The board of directors must recommend the proposed transaction to the shareholders unless the board of directors determines that because of conflict of interest or other special circumstances it should make no recommendation and communicates the basis for its determination to the shareholders with the submission of the proposed transaction; and

(b) The shareholders entitled to vote must approve the transaction.

(3) The board of directors may condition its submission of the proposed transaction on any basis.

(4) The corporation shall notify each shareholder, whether or not entitled to vote, of the proposed shareholders' meeting in accordance with section 64 of this act. The notice must also state that the purpose, or one of the purposes, of the meeting is to consider the sale, lease, exchange, or other disposition of all, or substantially all, the property of the corporation and contain or be accompanied by a description of the transaction.

(5) Unless the articles of incorporation or the board of directors, acting pursuant to subsection (3) of this section, require a greater vote or a vote by voting groups, the transaction to be authorized must be approved by two-thirds of all the votes entitled to be cast on the transaction. The articles of incorporation may provide for a lesser vote than that provided for in this subsection, or for a lesser vote by separate voting groups, so long as the vote provided for each voting group entitled to vote separately on the transaction is not less than a majority of all the votes entitled to be cast on the transaction by that voting group.

(6) After a sale, lease, exchange, or other disposition of property is authorized, the transaction may be abandoned, subject to any contractual rights, without further shareholder action.

(7) A transaction that constitutes a distribution is governed by section 59 of this act and not by this section.
WASHINGTON LAWS, 1989

DISSENTERS' RIGHTS

NEW SECTION. Sec. 140. DEFINITIONS FOR SECTIONS 140 THROUGH 153 OF THIS ACT. As used in this chapter:

(1) "Corporation" means the issuer of the shares held by a dissenter before the corporate action, or the surviving or acquiring corporation by merger or share exchange of that issuer.

(2) "Dissenter" means a shareholder who is entitled to dissent from corporate action under section 141 of this act and who exercises that right when and in the manner required by sections 143 through 151 of this act.

(3) "Fair value," with respect to a dissenter's shares, means the value of the shares immediately before the effective date of the corporate action to which the dissenter objects, excluding any appreciation or depreciation in anticipation of the corporate action unless exclusion would be inequitable.

(4) "Interest" means interest from the effective date of the corporate action until the date of payment, at the average rate currently paid by the corporation on its principal bank loans or, if none, at a rate that is fair and equitable under all the circumstances.

(5) "Record shareholder" means the person in whose name shares are registered in the records of a corporation or the beneficial owner of shares to the extent of the rights granted by a nominee certificate on file with a corporation.

(6) "Beneficial shareholder" means the person who is a beneficial owner of shares held in a voting trust or by a nominee as the record shareholder.

(7) "Shareholder" means the record shareholder or the beneficial shareholder.

NEW SECTION. Sec. 141. RIGHT TO DISSENT. (1) A shareholder is entitled to dissent from, and obtain payment of the fair value of the shareholder's shares in the event of, any of the following corporate actions:

(a) Consummation of a plan of merger to which the corporation is a party (i) if shareholder approval is required for the merger by section 133 of this act or the articles of incorporation and the shareholder is entitled to vote on the merger, or (ii) if the corporation is a subsidiary that is merged with its parent under section 134 of this act;

(b) Consummation of a plan of share exchange to which the corporation is a party as the corporation whose shares will be acquired, if the shareholder is entitled to vote on the plan;

(c) Consummation of a sale or exchange of all, or substantially all, of the property of the corporation other than in the usual and regular course of business, if the shareholder is entitled to vote on the sale or exchange, including a sale in dissolution, but not including a sale pursuant to court order or a sale for cash pursuant to a plan by which all or substantially all of the net proceeds of the sale will be distributed to the shareholders within one year after the date of sale;
(d) An amendment of the articles of incorporation that materially reduces the number of shares owned by the shareholder to a fraction of a share if the fractional share so created is to be acquired for cash under section 47 of this act; or

(e) Any corporate action taken pursuant to a shareholder vote to the extent the articles of incorporation, bylaws, or a resolution of the board of directors provides that voting or nonvoting shareholders are entitled to dissent and obtain payment for their shares.

(2) A shareholder entitled to dissent and obtain payment for the shareholder's shares under this chapter may not challenge the corporate action creating the shareholder's entitlement unless the action fails to comply with the procedural requirements imposed by this title, the articles of incorporation, or the bylaws, or is fraudulent with respect to the shareholder or the corporation.

(3) The right of a dissenting shareholder to obtain payment of the fair value of the shareholder's shares shall terminate upon the occurrence of any one of the following events:
   (a) The proposed corporate action is abandoned or rescinded;
   (b) A court having jurisdiction permanently enjoins or sets aside the corporate action;
   (c) The shareholder's demand for payment is withdrawn with the written consent of the corporation.

NEW SECTION. Sec. 142. DISSENT BY NOMINEES AND BENEFICIAL OWNERS. (1) A record shareholder may assert dissenters' rights as to fewer than all the shares registered in the shareholder's name only if the shareholder dissents with respect to all shares beneficially owned by any one person and notifies the corporation in writing of the name and address of each person on whose behalf the shareholder asserts dissenters' rights. The rights of a partial dissenter under this subsection are determined as if the shares as to which the dissenter dissents and the dissenter's other shares were registered in the names of different shareholders.

(2) A beneficial shareholder may assert dissenters' rights as to shares held on the beneficial shareholder's behalf only if:
   (a) The beneficial shareholder submits to the corporation the record shareholder's written consent to the dissent not later than the time the beneficial shareholder asserts dissenters' rights; and
   (b) The beneficial shareholder does so with respect to all shares of which such shareholder is the beneficial shareholder or over which such shareholder has power to direct the vote.

NEW SECTION. Sec. 143. NOTICE OF DISSENTERS' RIGHTS. (1) If proposed corporate action creating dissenters' rights under section
141 of this act is submitted to a vote at a shareholders' meeting, the meeting notice must state that shareholders are or may be entitled to assert dissenters' rights under this chapter and be accompanied by a copy of this chapter.

(2) If corporate action creating dissenters' rights under section 141 of this act is taken without a vote of shareholders, the corporation, within ten days after effective date of such corporate action, shall notify in writing all shareholders entitled to assert dissenters' rights that the action was taken and send them the dissenters' notice described in section 145 of this act.

NEW SECTION. Sec. 144. NOTICE OF INTENT TO DEMAND PAYMENT. (1) If proposed corporate action creating dissenters' rights under section 141 of this act is submitted to a vote at a shareholders' meeting, a shareholder who wishes to assert dissenters' rights must (a) deliver to the corporation before the vote is taken written notice of the shareholder's intent to demand payment for the shareholder's shares if the proposed action is effected, and (b) not vote such shares in favor of the proposed action.

(2) A shareholder who does not satisfy the requirements of subsection (1) of this section is not entitled to payment for the shareholder's shares under this chapter.

NEW SECTION. Sec. 145. DISSENTERS' NOTICE. (1) If proposed corporate action creating dissenters' rights under section 141 of this act is authorized at a shareholders' meeting, the corporation shall deliver a written dissenters' notice to all shareholders who satisfied the requirements of section 144 of this act.

(2) The dissenters' notice must be sent within ten days after the effective date of the corporate action, and must:
(a) State where the payment demand must be sent and where and when certificates for certificated shares must be deposited;
(b) Inform holders of uncertificated shares to what extent transfer of the shares will be restricted after the payment demand is received;
(c) Supply a form for demanding payment that includes the date of the first announcement to news media or to shareholders of the terms of the proposed corporate action and requires that the person asserting dissenters' rights certify whether or not the person acquired beneficial ownership of the shares before that date;
(d) Set a date by which the corporation must receive the payment demand, which date may not be fewer than thirty nor more than sixty days after the date the notice in subsection (1) of this section is delivered; and
(e) Be accompanied by a copy of this chapter.

NEW SECTION. Sec. 146. DUTY TO DEMAND PAYMENT. (1) A shareholder sent a dissenters' notice described in section 145 of this act must demand payment, certify whether the shareholder acquired beneficial
ownership of the shares before the date required to be set forth in the dissenters' notice pursuant to section 145(2)(c) of this act, and deposit the shareholder's certificates in accordance with the terms of the notice.

(2) The shareholder who demands payment and deposits the shareholder's share certificates under subsection (1) of this section retains all other rights of a shareholder until the proposed corporate action is effected.

(3) A shareholder who does not demand payment or deposit the shareholder's share certificates where required, each by the date set in the dissenters' notice, is not entitled to payment for the shareholder's shares under this chapter.

NEW SECTION. Sec. 147. SHARE RESTRICTIONS. (1) The corporation may restrict the transfer of uncertificated shares from the date the demand for their payment is received until the proposed corporate action is effected or the restriction is released under section 149 of this act.

(2) The person for whom dissenters' rights are asserted as to uncertificated shares retains all other rights of a shareholder until the effective date of the proposed corporate action.

NEW SECTION. Sec. 148. PAYMENT. (1) Except as provided in section 150 of this act, within thirty days of the later of the effective date of the proposed corporate action, or the date the payment demand is received, the corporation shall pay each dissenter who complied with section 146 of this act the amount the corporation estimates to be the fair value of the shareholder's shares, plus accrued interest.

(2) The payment must be accompanied by:

(a) The corporation's balance sheet as of the end of a fiscal year ending not more than sixteen months before the date of payment, an income statement for that year, a statement of changes in shareholders' equity for that year, and the latest available interim financial statements, if any;

(b) An explanation of how the corporation estimated the fair value of the shares;

(c) An explanation of how the interest was calculated;

(d) A statement of the dissenter's right to demand payment under section 151 of this act; and

(e) A copy of this chapter.

NEW SECTION. Sec. 149. FAILURE TO TAKE ACTION. (1) If the corporation does not effect the proposed action within sixty days after the date set for demanding payment and depositing share certificates, the corporation shall return the deposited certificates and release any transfer restrictions imposed on uncertificated shares.

(2) If after returning deposited certificates and releasing transfer restrictions, the corporation wishes to undertake the proposed action, it must send a new dissenters' notice under section 145 of this act and repeat the payment demand procedure.
NEW SECTION. Sec. 150. AFTER-ACQUIRED SHARES. (1) A corporation may elect to withhold payment required by section 148 of this act from a dissenter unless the dissenter was the beneficial owner of the shares before the date set forth in the dissenter's notice as the date of the first announcement to news media or to shareholders of the terms of the proposed corporate action.

(2) To the extent the corporation elects to withhold payment under subsection (1) of this section, after taking the proposed corporate action, it shall estimate the fair value of the shares, plus accrued interest, and shall pay this amount to each dissenter who agrees to accept it in full satisfaction of the dissenter's demand. The corporation shall send with its offer an explanation of how it estimated the fair value of the shares, an explanation of how the interest was calculated, and a statement of the dissenter's right to demand payment under section 151 of this act.

NEW SECTION. Sec. 151. PROCEDURE IF SHAREHOLDER DISSATISFIED WITH PAYMENT OR OFFER. (1) A dissenter may notify the corporation in writing of the dissenter's own estimate of the fair value of the dissenter's shares and amount of interest due, and demand payment of the dissenter's estimate, less any payment under section 148 of this act, or reject the corporation's offer under section 150 of this act and demand payment of the dissenter's estimate of the fair value of the dissenter's shares and interest due, if:

(a) The dissenter believes that the amount paid under section 148 of this act or offered under section 150 of this act is less than the fair value of the dissenter's shares or that the interest due is incorrectly calculated;

(b) The corporation fails to make payment under section 148 of this act within sixty days after the date set for demanding payment; or

(c) The corporation does not effect the proposed action and does not return the deposited certificates or release the transfer restrictions imposed on uncertificated shares within sixty days after the date set for demanding payment.

(2) A dissenter waives the right to demand payment under this section unless the dissenter notifies the corporation of the dissenter's demand in writing under subsection (1) of this section within thirty days after the corporation made or offered payment for the dissenter's shares.

NEW SECTION. Sec. 152. COURT ACTION. (1) If a demand for payment under section 151 of this act remains unsettled, the corporation shall commence a proceeding within sixty days after receiving the payment demand and petition the court to determine the fair value of the shares and accrued interest. If the corporation does not commence the proceeding within the sixty-day period, it shall pay each dissenter whose demand remains unsettled the amount demanded.

(2) The corporation shall commence the proceeding in the superior court of the county where a corporation's principal office, or, if none in this
state, its registered office, is located. If the corporation is a foreign corporation without a registered office in this state, it shall commence the proceeding in the county in this state where the registered office of the domestic corporation merged with or whose shares were acquired by the foreign corporation was located.

(3) The corporation shall make all dissenters, whether or not residents of this state, whose demands remain unsettled, parties to the proceeding as in an action against their shares and all parties must be served with a copy of the petition. Nonresidents may be served by registered or certified mail or by publication as provided by law.

(4) The corporation may join as a party to the proceeding any shareholder who claims to be a dissenter but who has not, in the opinion of the corporation, complied with the provisions of this chapter. If the court determines that such shareholder has not complied with the provisions of this chapter, the shareholder shall be dismissed as a party.

(5) The jurisdiction of the court in which the proceeding is commenced under subsection (2) of this section is plenary and exclusive. The court may appoint one or more persons as appraisers to receive evidence and recommend decision on the question of fair value. The appraisers have the powers described in the order appointing them, or in any amendment to it. The dissenters are entitled to the same discovery rights as parties in other civil proceedings.

(6) Each dissenter made a party to the proceeding is entitled to judgment (a) for the amount, if any, by which the court finds the fair value of the dissenter's shares, plus interest, exceeds the amount paid by the corporation, or (b) for the fair value, plus accrued interest, of the dissenter's after-acquired shares for which the corporation elected to withhold payment under section 150 of this act.

NEW SECTION. Sec. 153. COURT COSTS AND COUNSEL FEES. (1) The court in a proceeding commenced under section 152 of this act shall determine all costs of the proceeding, including the reasonable compensation and expenses of appraisers appointed by the court. The court shall assess the costs against the corporation, except that the court may assess the costs against all or some of the dissenters, in amounts the court finds equitable, to the extent the court finds the dissenters acted arbitrarily, vexatiously, or not in good faith in demanding payment under section 151 of this act.

(2) The court may also assess the fees and expenses of counsel and experts for the respective parties, in amounts the court finds equitable:

(a) Against the corporation and in favor of any or all dissenters if the court finds the corporation did not substantially comply with the requirements of sections 143 through 151 of this act; or

(b) Against either the corporation or a dissenter, in favor of any other party, if the court finds that the party against whom the fees and expenses
are assessed acted arbitrarily, vexatiously, or not in good faith with respect to the rights provided by sections 140 through 153 of this act.

(3) If the court finds that the services of counsel for any dissenter were of substantial benefit to other dissenters similarly situated, and that the fees for those services should not be assessed against the corporation, the court may award to these counsel reasonable fees to be paid out of the amounts awarded the dissenters who were benefited.

**DISSOLUTION**

**NEW SECTION.** Sec. 154. DISSOLUTION BY INITIAL DIRECTORS OR INCORPORATORS. A majority of the initial directors, or, if initial directors were not named in the articles of incorporation and have not been elected, the incorporators of a corporation that either has not issued shares or has not commenced business may dissolve the corporation by delivering to the secretary of state for filing:

(1) A copy of a revenue clearance certificate issued pursuant to RCW 82.32.260; and

(2) Articles of dissolution that set forth:
   (a) The name of the corporation;
   (b) The date of its incorporation;
   (c) Either (i) that none of the corporation's shares have been issued or (ii) that the corporation has not commenced business;
   (d) That no debt of the corporation remains unpaid;
   (e) That the net assets of the corporation remaining after winding up have been distributed to the shareholders, if shares were issued; and
   (f) That a majority of the initial directors authorized the dissolution, or that initial directors were not named in the articles of incorporation and have not been elected and a majority of incorporators authorized the dissolution.

**NEW SECTION.** Sec. 155. DISSOLUTION BY BOARD OF DIRECTORS AND SHAREHOLDERS. (1) A corporation's board of directors may propose dissolution for submission to the shareholders.

(2) For a proposal to dissolve to be adopted:
   (a) The board of directors must recommend dissolution to the shareholders unless the board of directors determines that because of conflict of interest or other special circumstances it should make no recommendation and communicates the basis for its determination to the shareholders; and
   (b) The shareholders entitled to vote must approve the proposal to dissolve as provided in subsection (5) of this section.

(3) The board of directors may condition its submission of the proposal for dissolution on any basis.
(4) The corporation shall notify each shareholder, whether or not entitled to vote, of the proposed shareholders' meeting in accordance with section 64 of this act. The notice must also state that the purpose, or one of the purposes, of the meeting is to consider dissolving the corporation.

(5) Unless the articles of incorporation or the board of directors, acting pursuant to subsection (3) of this section, require a greater vote or a vote by voting groups, the proposal to dissolve must be approved by two-thirds of all the votes entitled to be cast on that proposal in order to be adopted. The articles of incorporation may provide for a lesser vote than that provided for in this subsection, or for a lesser vote by separate voting groups, so long as the vote provided for each voting group entitled to vote separately on the proposal to dissolve is not less than a majority of all the votes entitled to be cast on the proposal by that voting group.

NEW SECTION. Sec. 156. ARTICLES OF DISSOLUTION. (1) At any time after dissolution is authorized, the corporation may dissolve by delivering to the secretary of state for filing:

(a) A copy of a revenue clearance certificate issued pursuant to RCW 82.32.260; and
(b) Articles of dissolution setting forth:
   (i) The name of the corporation;
   (ii) The date dissolution was authorized; and
   (iii) If shareholder approval was required for dissolution, a statement that dissolution was duly approved by the shareholders in accordance with section 155 of this act.

(2) A corporation is dissolved upon the effective date of its articles of dissolution.

NEW SECTION. Sec. 157. REVOCATION OF DISSOLUTION. (1) A corporation may revoke its dissolution within one hundred twenty days of its effective date.

(2) Revocation of dissolution must be authorized in the same manner as the dissolution was authorized unless that authorization permitted revocation by action of the board of directors alone, in which event the board of directors may revoke the dissolution without shareholder action.

(3) After the revocation of dissolution is authorized, the corporation may revoke the dissolution by delivering to the secretary of state for filing articles of revocation of dissolution, together with a copy of its articles of dissolution, that set forth:

(a) The name of the corporation and a statement that such name satisfies the requirements of section 37 of this act; if the name is not available, the corporation must file articles of amendment changing its name with the articles of revocation of dissolution;
(b) The effective date of the dissolution that was revoked;
(c) The date that the revocation of dissolution was authorized;
(d) If the corporation's board of directors, or incorporators, revoked the dissolution, a statement to that effect;

(e) If the corporation's board of directors revoked a dissolution authorized by the shareholders, a statement that revocation was permitted by action by the board of directors alone pursuant to that authorization; and

(f) If shareholder action was required to revoke the dissolution, a statement that revocation of the dissolution was duly approved by the shareholders in accordance with sections 157(2) and 155 of this act.

(4) Revocation of dissolution is effective upon the effective date of the articles of revocation of dissolution.

(5) When the revocation of dissolution is effective, it relates back to and takes effect as of the effective date of the dissolution and the corporation resumes carrying on its business as if dissolution had never occurred.

NEW SECTION. Sec. 158. EFFECT OF DISSOLUTION. (1) A dissolved corporation continues its corporate existence but may not carry on any business except that appropriate to wind up and liquidate its business and affairs, including:

(a) Collecting its assets;

(b) Disposing of its properties that will not be distributed in kind to its shareholders;

(c) Discharging or making provision for discharging its liabilities;

(d) Distributing its remaining property among its shareholders according to their interests; and

(e) Doing every other act necessary to wind up and liquidate its business and affairs.

(2) Dissolution of a corporation does not:

(a) Transfer title to the corporation's property;

(b) Prevent transfer of its shares or securities, although the authorization to dissolve may provide for closing the corporation's share transfer records;

(c) Subject its directors or officers to standards of conduct different from those prescribed in sections 80 through 119 of this act;

(d) Change quorum or voting requirements for its board of directors or shareholders; change provisions for selection, resignation, or removal of its directors or officers or both; or change provisions for amending its bylaws;

(e) Prevent commencement of a proceeding by or against the corporation in its corporate name;

(f) Abate or suspend a proceeding pending by or against the corporation on the effective date of dissolution; or

(g) Terminate the authority of the registered agent of the corporation.

NEW SECTION. Sec. 159. KNOWN CLAIMS AGAINST A DISSOLVED CORPORATION. (1) A dissolved corporation may dispose of the known claims against it by following the procedure described in this section.
(2) The dissolved corporation shall notify its known claimants in writing of the dissolution at any time after its effective date. The written notice must:

(a) Describe information that must be included in a claim;
(b) Provide a mailing address where a claim may be sent;
(c) State the deadline, which may not be fewer than one hundred twenty days from the effective date of the written notice, by which the dissolved corporation must receive the claim; and
(d) State that the claim will be barred if not received by the deadline.

(3) A claim against the dissolved corporation is barred:

(a) If a claimant who was given written notice under subsection (2) of this section does not deliver the claim to the dissolved corporation by the deadline; or
(b) If a claimant whose claim was rejected by the dissolved corporation does not commence a proceeding to enforce the claim within ninety days from the effective date of the rejection notice.

(4) For purposes of this section, "claim" does not include a contingent liability or a claim based on an event occurring after the effective date of dissolution.

NEW SECTION. Sec. 160. GROUNDS FOR ADMINISTRATIVE DISSOLUTION. The secretary of state may commence a proceeding under section 161 of this act to administratively dissolve a corporation if:

(1) The corporation does not pay within sixty days after they are due any license fees or penalties imposed by this title;
(2) The corporation does not deliver its completed annual report to the secretary of state within sixty days after it is due;
(3) The corporation is without a registered agent or registered office in this state for sixty days or more;
(4) The corporation does not notify the secretary of state within sixty days that its registered agent or registered office has been changed, that its registered agent has resigned, or that its registered office has been discontinued;
(5) The corporation's period of duration stated in its articles of incorporation expired after July 1, 1990; or
(6) The corporation's period of duration stated in its articles of incorporation expired prior to July 1, 1990, but the corporation has timely paid all license fees imposed by this title, has timely filed annual reports with the secretary of state, has never been without a registered agent or registered office in this state for sixty days or more, and has never failed to notify the secretary of state of changes in a registered agent or registered office within sixty days of such change.
NEW SECTION. Sec. 161. PROCEDURE FOR AND EFFECT OF ADMINISTRATIVE DISSOLUTION. (1) If the secretary of state determines that one or more grounds exist under section 160 of this act for dissolving a corporation, the secretary of state shall give the corporation written notice of the determination by first class mail, postage prepaid.

(2) If the corporation does not correct each ground for dissolution or demonstrate to the reasonable satisfaction of the secretary of state that each ground determined by the secretary of state does not exist within sixty days after notice is effective, the secretary of state shall administratively dissolve the corporation and give the corporation written notice of the dissolution that recites the ground or grounds therefor and its effective date.

(3) A corporation administratively dissolved continues its corporate existence but may not carry on any business except that necessary to wind up and liquidate its business and affairs under section 158 of this act and notify claimants under section 159 of this act.

(4) The administrative dissolution of a corporation does not terminate the authority of its registered agent.

NEW SECTION. Sec. 162. REINSTATEMENT FOLLOWING ADMINISTRATIVE DISSOLUTION. (1) A corporation administratively dissolved under section 161 of this act may apply to the secretary of state for reinstatement within two years after the effective date of dissolution. The application must:

(a) Recite the name of the corporation and the effective date of its administrative dissolution;

(b) State that the ground or grounds for dissolution either did not exist or have been eliminated; and

(c) State that the corporation's name satisfies the requirements of section 37 of this act.

(2) If the secretary of state determines that the application contains the information required by subsection (1) of this section and that the name is available, the secretary of state shall reinstate the corporation and give the corporation written notice of the reinstatement that recites the effective date of reinstatement. If the name is not available, the corporation must file articles of amendment changing its name with its application for reinstatement.

(3) When the reinstatement is effective, it relates back to and takes effect as of the effective date of the administrative dissolution and the corporation resumes carrying on its business as if the administrative dissolution had never occurred.

NEW SECTION. Sec. 163. GROUNDS FOR JUDICIAL DISSOLUTION. The superior courts may dissolve a corporation:

(1) In a proceeding by the attorney general if it is established that:

(a) The corporation obtained its articles of incorporation through fraud; or
The corporation has continued to exceed or abuse the authority conferred upon it by law;

(2) In a proceeding by a shareholder if it is established that:
   (a) The directors are deadlocked in the management of the corporate affairs, the shareholders are unable to break the deadlock, and irreparable injury to the corporation is threatened or being suffered, or the business and affairs of the corporation can no longer be conducted to the advantage of the shareholders generally, because of the deadlock;
   (b) The directors or those in control of the corporation have acted, are acting, or will act in a manner that is illegal, oppressive, or fraudulent;
   (c) The shareholders are deadlocked in voting power and have failed, for a period that includes at least two consecutive annual meeting dates, to elect successors to directors whose terms have expired; or
   (d) The corporate assets are being misapplied or wasted;

(3) In a proceeding by a creditor if it is established that:
   (a) The creditor's claim has been reduced to judgment, the execution on the judgment was returned unsatisfied, and the corporation is insolvent; or
   (b) The corporation has admitted in writing that the creditor's claim is due and owing and the corporation is insolvent; or

(4) In a proceeding by the corporation to have its voluntary dissolution continued under court supervision.

NEW SECTION. Sec. 164. PROCEDURE FOR JUDICIAL DISSOLUTION. (1) Venue for any proceeding to dissolve a corporation brought by any party named in section 163 of this act lies in the county where a corporation's registered office is or was last located.

(2) It is not necessary to make shareholders or directors parties to a proceeding to dissolve a corporation unless relief is sought against them individually.

(3) A court in a proceeding brought to dissolve a corporation may issue injunctions, appoint a receiver or custodian pendente lite with all powers and duties the court directs, take other action required to preserve the corporate assets wherever located, and carry on the business of the corporation until a full hearing can be held.

NEW SECTION. Sec. 165. RECEIVERSHIP OR CUSTODIANSHIP. (1) A court in a judicial proceeding brought to dissolve a corporation may appoint one or more receivers to wind up and liquidate, or one or more custodians to manage, the business and affairs of the corporation. The court shall hold a hearing, after notifying all parties to the proceeding and any interested persons designated by the court, before appointing a receiver or custodian. The court appointing a receiver or custodian has exclusive jurisdiction over the corporation and all of its property wherever located.
(2) The court may appoint an individual or a domestic or foreign corporation, authorized to transact business in this state, as a receiver or custodian. The court may require the receiver or custodian to post bond, with or without sureties, in an amount the court directs.

(3) The court shall describe the powers and duties of the receiver or custodian in its appointing order, which may be amended from time to time. Among other powers:

(a) The receiver (i) may dispose of all or any part of the assets of the corporation wherever located, at a public or private sale, if authorized by the court, and (ii) may sue and defend in the receiver's own name as receiver of the corporation in all courts of this state; and

(b) The custodian may exercise all of the powers of the corporation, through or in place of its board of directors or officers, to the extent necessary to manage the affairs of the corporation in the best interests of its shareholders and creditors.

(4) The court, during a receivership, may redesignate the receiver a custodian, and during a custodianship may redesignate the custodian a receiver, if doing so is in the best interests of the corporation, its shareholders, and creditors.

(5) The court from time to time during the receivership or custodianship may order compensation paid and expense disbursements or reimbursements made to the receiver or custodian and counsel from the assets of the corporation or proceeds from the sale of the assets.

NEW SECTION. Sec. 166. DECREE OF DISSOLUTION. (1) If after a hearing the court determines that one or more grounds for judicial dissolution described in section 163 of this act exist, it may enter a decree dissolving the corporation and specifying the effective date of the dissolution, and the clerk of the court shall deliver a certified copy of the decree to the secretary of state, who shall file it.

(2) After entering the decree of dissolution, the court shall direct the winding up and liquidation of the corporation's business and affairs in accordance with section 158 of this act and the notification of claimants in accordance with section 159 of this act.

NEW SECTION. Sec. 167. SURVIVAL OF REMEDY AFTER DISSOLUTION. The dissolution of a corporation either: (1) By the issuance of a certificate of dissolution by the secretary of state, (2) by a decree of court, or (3) by expiration of its period of duration shall not take away or impair any remedy available to or against such corporation, its directors, officers, or shareholders, for any right or claim existing, or any liability incurred, prior to such dissolution if action or other proceeding thereon is commenced within two years after the date of such dissolution. The directors of any such corporation shall hold title to the property of the corporation as trustees for the benefit of its creditors and shareholders. Any such action or proceeding by or against the corporation may be prosecuted or
defended by the corporation in its corporate name. The shareholders, directors, and officers shall have power to take such corporate or other action as shall be appropriate to protect such remedy, right, or claim.

**NEW SECTION.** Sec. 168. DEPOSIT WITH STATE TREASURER. Assets of a dissolved corporation that should be transferred to a creditor, claimant, or shareholder of the corporation who cannot be found or who is not competent to receive them may be reduced to cash and deposited with the state treasurer for safekeeping. If assets are transferred to the state treasurer, and if the creditor, claimant, or shareholder furnishes satisfactory proof of entitlement to the amount deposited, the state treasurer or other appropriate state official shall pay such person or such person's representative that amount.

**FOREIGN CORPORATIONS**

**NEW SECTION.** Sec. 169. AUTHORITY TO TRANSACT BUSINESS REQUIRED. (1) A foreign corporation may not transact business in this state until it obtains a certificate of authority from the secretary of state.

(2) The following activities, among others, do not constitute transacting business within the meaning of subsection (1) of this section:

(a) Maintaining or defending any action or suit or any administrative or arbitration proceeding, or effecting the settlement thereof or the settlement of claims or disputes;

(b) Holding meetings of the board of directors or shareholders or carrying on other activities concerning internal corporate affairs;

(c) Maintaining bank accounts, share accounts in savings and loan associations, custodian or agency arrangements with a bank or trust company, or stock or bond brokerage accounts;

(d) Maintaining offices or agencies for the transfer, exchange, and registration of the corporation's own securities or maintaining trustees or depositaries with respect to those securities;

(e) Selling through independent contractors;

(f) Soliciting or procuring orders, whether by mail or through employees or agents or otherwise, where the orders require acceptance outside this state before becoming binding contracts and where the contracts do not involve any local performance other than delivery and installation;

(g) Making loans or creating or acquiring evidences of debt, mortgages, or liens on real or personal property, or recording same;

(h) Securing or collecting debts or enforcing mortgages and security interests in property securing the debts;

(i) Owning, without more, real or personal property;

(j) Conducting an isolated transaction that is completed within thirty days and that is not one in the course of repeated transactions of a like nature;
(k) Transacting business in interstate commerce; or

(l) Owning and controlling a subsidiary corporation incorporated in or transacting business within this state.

(3) The list of activities in subsection (2) of this act is not exhaustive.

NEW SECTION. Sec. 170. CONSEQUENCES OF TRANSACTION BUSINESS WITHOUT AUTHORITY. (1) A foreign corporation transacting business in this state without a certificate of authority may not maintain a proceeding in any court in this state until it obtains a certificate of authority.

(2) The successor to a foreign corporation that transacted business in this state without a certificate of authority and the assignee of a cause of action arising out of that business may not maintain a proceeding based on that cause of action in any court in this state until the foreign corporation or its successor obtains a certificate of authority.

(3) A court may stay a proceeding commenced by a foreign corporation, its successor, or assignee until it determines whether the foreign corporation or its successor requires a certificate of authority. If it so determines, the court may further stay the proceeding until the foreign corporation or its successor obtains the certificate.

(4) A foreign corporation which transacts business in this state without a certificate of authority is liable to this state, for the years or parts thereof during which it transacted business in this state without a certificate of authority, in an amount equal to all fees which would have been imposed by this title upon such corporation had it applied for and received a certificate of authority to transact business in this state as required by this title and thereafter filed all reports required by this title, plus all penalties imposed by this title for failure to pay such fees.

(5) Notwithstanding subsections (1) and (2) of this section, the failure of a foreign corporation to obtain a certificate of authority does not impair the validity of its corporate acts or prevent it from defending any proceeding in this state.

NEW SECTION. Sec. 171. APPLICATION FOR CERTIFICATE OF AUTHORITY. (1) A foreign corporation may apply for a certificate of authority to transact business in this state by delivering an application to the secretary of state for filing. The application must state:

(a) That the name of the foreign corporation meets the requirements stated in section 174 of this act;

(b) The name of the state or country under whose law it is incorporated;

(c) Its date of incorporation and period of duration;

(d) The street address of its principal office;

(e) The street address of its registered office in this state and the name of its registered agent at that office, in accordance with section 175 of this act; and
(f) The names and usual business addresses of its current directors and officers.

(2) The foreign corporation shall deliver with the completed application a certificate of existence, or a document of similar import, issued no more than sixty days before the date of the application and duly authenticated by the secretary of state or other official having custody of corporate records in the state or country under whose law it is incorporated.

NEW SECTION. Sec. 172. AMENDED CERTIFICATE OF AUTHORITY. (1) A foreign corporation authorized to transact business in this state must obtain an amended certificate of authority from the secretary of state if it changes:

(a) Its corporate name; or
(b) The period of its duration.

(2) The requirements of section 171 of this act for obtaining an original certificate of authority apply to obtaining an amended certificate under this section.

NEW SECTION. Sec. 173. EFFECT OF CERTIFICATE OF AUTHORITY. (1) A certificate of authority authorizes the foreign corporation to which it is issued to transact business in this state subject, however, to the right of the state to revoke the certificate as provided in this title.

(2) A foreign corporation holding a valid certificate of authority shall have no greater rights and privileges than a domestic corporation of like character. Except as otherwise provided by this title, a foreign corporation is subject to the same duties, restrictions, penalties, and liabilities now or later imposed on a domestic corporation of like character.

(3) Except as otherwise provided in sections 202 through 205 of this act, this title does not authorize this state to regulate the organization or internal affairs of a foreign corporation authorized to transact business in this state.

NEW SECTION. Sec. 174. CORPORATE NAME OF FOREIGN CORPORATION. (1) No certificate of authority shall be issued to a foreign corporation unless the corporate name of such corporation:

(a) Contains the word "corporation," "incorporated," "company," or "limited," or the abbreviation "corp.," "inc.," "co.,” or "ltd.;"

(b) Does not contain language stating or implying that the corporation is organized for a purpose other than that permitted by section 33 of this act and its articles of incorporation;

(c) Does not contain any of the following words or phrases: "bank," "banking," "banker," "trust," "cooperative," or any combination of the words "industrial" and "loan," or any combination of any two or more words "building," "savings," "loan," "home," "association," and "society," or any other words or phrases prohibited by any statute of this state; and
(d) Except as authorized by subsections (3) and (4) of this section, is
distinguishable upon the records of the secretary of state from:

(i) The corporate name of a corporation incorporated or authorized to
transact business in this state;

(ii) A corporate name reserved or registered under section 38 or 39 of
this act;

(iii) The fictitious name adopted pursuant to subsection (2) of this sec-
tion by a foreign corporation authorized to transact business in this state
because its real name is unavailable;

(iv) The corporate name of a not-for-profit corporation incorporated
or authorized to conduct affairs in this state; and

(v) The name or reserved name of a foreign or domestic limited part-
nership formed or registered under chapter 25.10 RCW.

(2) If the corporate name of a foreign corporation does not satisfy the
requirements of subsection (1) of this section, the foreign corporation to
obtain or maintain a certificate of authority to transact business in this
state:

(a) May add the word "corporation," "incorporated," "company," or
"limited," or the abbreviation "corp.," "inc.," "co.," or "ltd.," to its corpo-
rate name for use in this state; or

(b) May use a fictitious name to transact business in this state if its
real name is unavailable and it delivers to the secretary of state for filing a
copy of the resolution of its board of directors, certified by its secretary,
adopting the fictitious name.

(3) A foreign corporation may apply to the secretary of state for au-
thorization to use a name that is not distinguishable upon the records from
one or more of the names described in subsection (1)(d) of this section. The
secretary of state shall authorize use of the name applied for if:

(a) The other corporation, holder, or limited partnership consents to
the use in writing and files with the secretary of state documents necessary
to change its name or the name reserved or registered to a name that is
distinguishable upon the records of the secretary of state from the name of
the applying corporation; or

(b) The applicant delivers to the secretary of state a certified copy of
the final judgment of a court of competent jurisdiction establishing the ap-
licant's right to use the name applied for in this state.

(4) A foreign corporation may use in this state the name, including the
fictitious name, of another domestic or foreign corporation that is used in
this state if the other corporation is incorporated or authorized to transact
business in this state and the foreign corporation:

(a) Has merged with the other corporation; or

(b) Has been formed by reorganization of the other corporation.

(5) If a foreign corporation authorized to transact business in this state
changes its corporate name to one that does not satisfy the requirements of
subsection (1) of this section, it may not transact business in this state un-
der the changed name until it adopts a name satisfying such requirements
and obtains an amended certificate of authority under section 172 of this
act.

NEW SECTION. Sec. 175. REGISTERED OFFICE AND REGIS-
TERED AGENT OF FOREIGN CORPORATION. (1) Each foreign cor-
poration authorized to transact business in this state must continuously
maintain in this state:

(a) A registered office which may be, but need not be, the same as its
place of business in this state. The registered office shall be at a specific
geographic location in this state, and be identified by number, if any, and
street, building address, or rural route, or, if a commonly known street or
rural route address does not exist, by legal description. A registered office
may not be identified by post office box number or other nongeographic ad-
dress. For purposes of communicating by mail, the secretary of state may
permit the use of a post office address in the same city as the registered
office to be used in conjunction with the registered office address if the cor-
poration also maintains on file the specific geographic address of the regis-
tered office where personal service of process may be made.

(b) A registered agent, who may be:

(i) An individual who resides in this state and whose business office is
identical with the registered office;

(ii) A domestic corporation or not-for-profit domestic corporation
whose business office is identical with the registered office; or

(iii) A foreign corporation or foreign not-for-profit corporation auth-
orized to transact business or conduct affairs in this state whose business
office is identical with the registered office.

(2) A registered agent shall not be appointed without having given pri-
or written consent to the appointment. The written consent shall be filed
with the secretary of state in such form as the secretary may prescribe. The
written consent shall be filed with or as a part of the document first ap-
pointing a registered agent. In the event any individual or corporation has
been appointed agent without consent, that person or corporation may file a
notarized statement attesting to that fact, and the name shall forthwith be
removed from the records.

NEW SECTION. Sec. 176. CHANGE OF REGISTERED OFFICE
OR REGISTERED AGENT OF FOREIGN CORPORATION. (1) A
foreign corporation authorized to transact business in this state may change
its registered office or registered agent by delivering to the secretary of state
for filing a statement of change that sets forth:

(a) Its name;

(b) If the current registered office is to be changed, the street address
of its new registered office;
(c) If the current registered agent is to be changed, the name of its new registered agent and the new agent's written consent, either on the statement or attached to it, to the appointment; and

(d) That, after the change or changes are made, the street addresses of its registered office and the business office of its registered agent will be identical.

(2) If a registered agent changes the street address of the agent's business office, the registered agent may change the street address of the registered office of any foreign corporation for which the agent is the registered agent by notifying the corporation in writing of the change and signing, either manually or in facsimile, and delivering to the secretary of state for filing a statement of change that complies with the requirements of subsection (1) of this section and recites that the corporation has been notified of the change.

NEW SECTION. Sec. 177. RESIGNATION OF REGISTERED AGENT OF FOREIGN CORPORATION. (1) The registered agent of a foreign corporation may resign as agent by signing and delivering to the secretary of state for filing a statement of resignation. The statement of resignation may include a statement that the registered office is also discontinued.

(2) After filing the statement, the secretary of state shall mail a copy of the statement to the foreign corporation at its principal office address shown in its most recent annual report, or in the application for certificate of authority if no annual report has been filed.

(3) The agency appointment is terminated, and the registered office discontinued if so provided, on the thirty-first day after the date on which the statement was filed.

NEW SECTION. Sec. 178. SERVICE ON FOREIGN CORPORATION. (1) The registered agent appointed by a foreign corporation authorized to transact business in this state shall be an agent of such corporation upon whom any process, notice, or demand required or permitted by law to be served upon the corporation may be served.

(2) The secretary of state shall be an agent of a foreign corporation upon whom any process, notice, or demand may be served, if:

(a) The corporation is authorized to transact business in this state, and it fails to appoint or maintain a registered agent in this state, or its registered agent cannot with reasonable diligence be found at the registered office;

(b) The corporation's authority to transact business in this state has been revoked under section 181 of this act; or

(c) The corporation has been authorized to transact business in this state and has withdrawn under section 179 of this act.

(3) Service on the secretary of state of any such process, notice, or demand shall be made by delivering to and leaving with the secretary of state,
or with any duly authorized clerk of the corporation department of the secretary of state’s office, the process, notice, or demand. In the event any such process, notice, or demand is served on the secretary of state, the secretary of state shall immediately cause a copy thereof to be forwarded by certified mail, addressed to the secretary of the corporation at its principal office as shown on the records of the secretary of state. Any service so had on the secretary of state shall be returnable in not less than thirty days.

(4) The secretary of state shall keep a record of all processes, notices, and demands served upon the secretary of state under this section, and shall record therein the time of such service and the secretary of state’s action with reference thereto.

(5) This section does not limit or affect the right to serve any process, notice, or demand, required or permitted by law to be served upon a corporation in any other manner now or hereafter permitted by law.

NEW SECTION. Sec. 179. WITHDRAWAL OF FOREIGN CORPORATION. (1) A foreign corporation authorized to transact business in this state may not withdraw from this state until it obtains a certificate of withdrawal from the secretary of state.

(2) A foreign corporation authorized to transact business in this state may apply for a certificate of withdrawal by delivering an application to the secretary of state for filing. The application must be accompanied by a copy of a revenue clearance certificate issued pursuant to RCW 82.32.260, and must set forth:

(a) The name of the foreign corporation and the name of the state or country under whose law it is incorporated;

(b) That it is not transacting business in this state and that it surrenders its authority to transact business in this state;

(c) That it revokes the authority of its registered agent to accept service on its behalf and appoints the secretary of state as its agent for service of process in any proceeding based on a cause of action arising during the time it was authorized to transact business in this state;

(d) A mailing address to which the secretary of state may mail a copy of any process served on the secretary of state under (c) of this subsection; and

(e) A commitment to notify the secretary of state in the future of any change in its mailing address.

(3) After the withdrawal of the corporation is effective, service of process on the secretary of state under section 178 of this act is service on the foreign corporation.

NEW SECTION. Sec. 180. GROUNDS FOR REVOCATION. The secretary of state may commence a proceeding under section 181 of this act to revoke the certificate of authority of a foreign corporation authorized to transact business in this state if:
(1) The foreign corporation does not deliver its completed annual report to the secretary of state within sixty days after it is due;

(2) The foreign corporation does not pay within sixty days after they are due any fees or penalties imposed by this title;

(3) The foreign corporation is without a registered agent or registered office in this state for sixty days or more;

(4) The foreign corporation does not inform the secretary of state under section 176 or 177 of this act that its registered agent or registered office has changed, that its registered agent has resigned, or that its registered office has been discontinued within sixty days of the change, resignation, or discontinuance;

(5) An incorporator, director, officer, or agent of the foreign corporation signed a document knowing it was false in any material respect with intent that the document be delivered to the secretary of state for filing; or

(6) The secretary of state receives a duly authenticated certificate from the secretary of state or other official having custody of corporate records in the state or country under whose law the foreign corporation is incorporated stating that it has been dissolved or disappeared as the result of a merger.

NEW SECTION. Sec. 181. PROCEDURE FOR AND EFFECT OF REVOCATION. (1) If the secretary of state determines that one or more grounds exist under section 180 of this act for revocation of a certificate of authority, the secretary of state shall give the foreign corporation written notice of the determination by first class mail, postage prepaid.

(2) If the foreign corporation does not correct each ground for revocation or demonstrate to the reasonable satisfaction of the secretary of state that each ground determined by the secretary of state does not exist within sixty days after notice is effective, the secretary of state shall revoke the foreign corporation's certificate of authority by signing a certificate of revocation that recites the ground or grounds for revocation and its effective date. The secretary of state shall file the original of the certificate and mail a copy to the foreign corporation.

(3) The authority of a foreign corporation to transact business in this state ceases on the date shown on the certificate revoking its certificate of authority.

(4) The secretary of state's revocation of a foreign corporation's certificate of authority appoints the secretary of state the foreign corporation's agent for service of process in any proceeding based on a cause of action which arose during the time the foreign corporation was authorized to transact business in this state. Service of process on the secretary of state under section 178 of this act is service on the foreign corporation.

(5) Revocation of a foreign corporation's certificate of authority does not terminate the authority of the registered agent of the corporation.
RECORDS AND REPORTS

NEW SECTION. Sec. 182. CORPORATE RECORDS. (1) A corporation shall keep as permanent records minutes of all meetings of its shareholders and board of directors, a record of all actions taken by the shareholders or board of directors without a meeting, and a record of all actions taken by a committee of the board of directors exercising the authority of the board of directors on behalf of the corporation.

(2) A corporation shall maintain appropriate accounting records.

(3) A corporation or its agent shall maintain a record of its shareholders, in a form that permits preparation of a list of the names and addresses of all shareholders, in alphabetical order by class of shares showing the number and class of shares held by each.

(4) A corporation shall maintain its records in written form or in another form capable of conversion into written form within a reasonable time.

(5) A corporation shall keep a copy of the following records at its principal office:

(a) Its articles or restated articles of incorporation and all amendments to them currently in effect;

(b) Its bylaws or restated bylaws and all amendments to them currently in effect;

(c) The minutes of all shareholders' meetings, and records of all action taken by shareholders without a meeting, for the past three years;

(d) The financial statements described in section 186(1) of this act, for the past three years;

(e) All written communications to shareholders generally within the past three years;

(f) A list of the names and business addresses of its current directors and officers; and

(g) Its most recent annual report delivered to the secretary of state under section 187 of this act.

NEW SECTION. Sec. 183. INSPECTION OF RECORDS BY SHAREHOLDERS. (1) A shareholder of a corporation is entitled to inspect and copy, during regular business hours at the corporation's principal office, any of the records of the corporation described in section 182(5) of this act if the shareholder gives the corporation written notice of the shareholder's demand at least five business days before the date on which the shareholder wishes to inspect and copy.

(2) A shareholder of a corporation is entitled to inspect and copy, during regular business hours at a reasonable location specified by the corporation, any of the following records of the corporation if the shareholder meets the requirements of subsection (3) of this section and gives the corporation written notice of the shareholder's demand at least five business days before the date on which the shareholder wishes to inspect and copy:
(a) Excerpts from minutes of any meeting of the board of directors, records of any action of a committee of the board of directors while exercising the authority of the board of directors, minutes of any meeting of the shareholders, and records of action taken by the shareholders or board of directors without a meeting, to the extent not subject to inspection under subsection (1) of this section;
(b) Accounting records of the corporation; and
(c) The record of shareholders.

(3) A shareholder may inspect and copy the records described in subsection (2) of this section only if:
(a) The shareholder’s demand is made in good faith and for a proper purpose;
(b) The shareholder describes with reasonable particularity the shareholder’s purpose and the records the shareholder desires to inspect; and
(c) The records are directly connected with the shareholder’s purpose.

(4) The right of inspection granted by this section may not be abolished or limited by a corporation’s articles of incorporation or bylaws.

(5) This section does not affect:
(a) The right of a shareholder to inspect records under section 68 of this act or, if the shareholder is in litigation with the corporation, to the same extent as any other litigant; or
(b) The power of a court, independently of this title, to compel the production of corporate records for examination.

(6) For purposes of this section, "shareholder" includes a beneficial owner whose shares are held in a voting trust or by a nominee on the beneficial owner’s behalf.

NEW SECTION. Sec. 184. SCOPE OF INSPECTION RIGHT. (1) A shareholder’s agent or attorney has the same inspection and copying rights as the shareholder.
(2) The right to copy records under section 184 of this act includes, if reasonable, the right to receive copies made by photographic, xerographic, or other means, including copies in electronic or other nonwritten form if the shareholder so requests.
(3) The corporation may impose a reasonable charge, covering the costs of labor and material, for copies of any records provided to the shareholder. The charge may not exceed the estimated cost of production or reproduction of the records.
(4) The corporation may comply with a shareholder’s demand to inspect the record of shareholders under section 183(2)(c) of this act by providing the shareholder with a list of its shareholders that was compiled no earlier than the date of the shareholder’s demand.

NEW SECTION. Sec. 185. COURT-ORDERED INSPECTION. (1) If a corporation does not allow a shareholder who complies with section
183(1) of this act to inspect and copy any records required by that subsection to be available for inspection, the superior court of the county where the corporation's principal office, or, if none in this state, its registered office, is located may summarily order inspection and copying of the records demanded at the corporation's expense upon application of the shareholder.

(2) If a corporation does not within a reasonable time allow a shareholder to inspect and copy any other record, the shareholder who complies with section 183(2) and (3) of this act may apply to the superior court of the county where the corporation's principal office, or, if none in this state, its registered office, is located for an order to permit inspection and copying of the records demanded. The court shall dispose of an application under this subsection on an expedited basis.

(3) If the court orders inspection and copying of the records demanded, it shall also order the corporation to pay the shareholder's costs, including reasonable counsel fees, incurred to obtain the order unless the corporation proves that it refused inspection in good faith because it had a reasonable basis for doubt about the right of the shareholder to inspect the records demanded.

(4) If the court orders inspection and copying of the records demanded, it may impose reasonable restrictions on the use or distribution of the records by the demanding shareholder.

NEW SECTION. Sec. 186. FINANCIAL STATEMENTS FOR SHAREHOLDERS. (1) Not later than four months after the close of each fiscal year, and in any event prior to the annual meeting of shareholders, each corporation shall prepare (a) a balance sheet showing in reasonable detail the financial condition of the corporation as of the close of its fiscal year, and (b) an income statement showing the results of its operation during its fiscal year. Such statements may be consolidated or combined statements of the corporation and one or more of its subsidiaries, as appropriate. If financial statements are prepared by the corporation for any purpose on the basis of generally accepted accounting principles, the annual statements must also be prepared, and disclose that they are prepared, on that basis. If financial statements are prepared only on a basis other than generally accepted accounting principles, they must be prepared, and disclose that they are prepared, on the same basis as other reports and statements prepared by the corporation for the use of others.

(2) Upon written request, the corporation shall promptly mail to any shareholder a copy of the most recent balance sheet and income statement. If prepared for other purposes, the corporation shall also furnish upon written request a statement of sources and applications of funds, and a statement of changes in shareholders' equity, for the most recent fiscal year.

(3) If the annual financial statements are reported upon by a public accountant, the accountant's report must accompany them. If not, the
statements must be accompanied by a statement of the president or the person responsible for the corporation’s accounting records:

(a) Stating the person’s reasonable belief whether the statements were prepared on the basis of generally accepted accounting principles and, if not, describing the basis of preparation; and

(b) Describing any respects in which the statements were not prepared on a basis of accounting consistent with the basis used for statements prepared for the preceding year.

(4) For purposes of this section, "shareholder" includes a beneficial owner whose shares are held in a voting trust or by a nominee on the beneficial owner's behalf.

NEW SECTION. Sec. 187. ANNUAL REPORT FOR SECRETARY OF STATE. (1) Each domestic corporation, and each foreign corporation authorized to transact business in this state, shall deliver to the secretary of state for filing an annual report that sets forth:

(a) The name of the corporation and the state or country under whose law it is incorporated;

(b) The street address of its registered office and the name of its registered agent at that office in this state;

(c) In the case of a foreign corporation, the address of its principal office in the state or country under the laws of which it is incorporated;

(d) The address of the principal place of business of the corporation in this state;

(e) The names and addresses of its directors, if the corporation has dispensed with or limited the authority of its board of directors pursuant to section 80(3) of this act or analogous authority, the names and addresses of persons who will perform some or all of the duties of the board of directors;

(f) A brief description of the nature of its business; and

(g) The names and addresses of its chairperson of the board of directors, if any, president, secretary, and treasurer, or of individuals, however designated, performing the functions of such officers.

(2) Information in the annual report must be current as of the date the annual report is executed on behalf of the corporation.

(3) A corporation’s first annual report must be delivered to the secretary of state within one hundred twenty days of the date on which the articles of incorporation for a domestic corporation were filed, or on which a foreign corporation’s certificate of authority was filed. Subsequent annual reports must be delivered to the secretary of state on, or prior to, the date on which the domestic or foreign corporation is required to pay its annual license fee, and at such additional times as the corporation elects.
NEW SECTION. Sec. 188. APPLICATION TO EXISTING CORPORATIONS. (1) Unless otherwise provided, this title applies to all domestic corporations in existence on the effective date of this act that were incorporated under any general statute of this state providing for incorporation of corporations for profit.

(2) Unless otherwise provided, a foreign corporation authorized to transact business in this state on the effective date of this act is subject to this title but is not required to obtain a new certificate of authority to transact business under this title.

NEW SECTION. Sec. 189. TRANSACTIONS INVOLVING INTERESTED SHAREHOLDERS. (1) For purposes of this section:

(a) An interested shareholder transaction means any transaction between a corporation, or any subsidiary thereof, and an interested shareholder of such corporation or an affiliated person of an interested shareholder that must be authorized pursuant to the provisions of sections 131 through 137 and 154 through 168, or 139 of this act;

(b) An interested shareholder:

(i) Includes any person or group of affiliated persons who beneficially own twenty percent or more of the outstanding voting shares of a corporation. An affiliated person is any person who either acts jointly or in concert with, or directly or indirectly controls, is controlled by, or is under common control with another person; and

(ii) Excludes any person who, in good faith and not for the purpose of circumventing this section, is an agent, bank, broker, nominee, or trustee for another person, if such other person is not an interested shareholder under (b)(i) of this subsection.

(2) Except as provided in subsection (3) of this section, an interested shareholder transaction must be approved by each voting group entitled to vote separately on the transaction by two-thirds of the votes entitled to be counted under this subsection for that voting group. The votes of all outstanding shares entitled to vote under this title or the articles of incorporation shall be entitled to be counted under this subsection except that the votes of shares owned by or voted under the control of an interested shareholder may not be counted to determine whether shareholders have approved a transaction for purposes of this subsection. The votes of shares owned by or voted under the control of an interested shareholder, however, shall be counted in determining whether a transaction is approved under other sections of this title and for purposes of determining a quorum.

(3) This section shall not apply to a transaction:

(a) Unless the articles of incorporation provide otherwise, by a corporation with fewer than three hundred holders of record of its shares;

(b) Approved by a majority vote of the corporation's board of directors. For such purpose, the votes of directors who are directors or officers of,
or have a material financial interest in an interested shareholder, or who were nominated for election as a director as a result of an arrangement with an interested shareholder and first elected as a director within twenty-four months of the proposed transaction, shall not be counted in determining whether the transaction is approved by such directors;

(c) In which a majority of directors whose votes are entitled to be counted under (3)(b) of this section determines that the fair market value of the consideration to be received by noninterested shareholders for shares of any class of which shares are owned by any interested shareholder is not less than the highest fair market value of the consideration paid by any interested shareholder in acquiring shares of the same class within twenty-four months of the proposed transaction; or

(d) By a corporation whose original articles of incorporation have a provision, or whose shareholders adopt an amendment to the articles of incorporation by two-thirds of the votes entitled to be counted under this subsection, expressly electing not to be covered by this section. The votes of all outstanding shares entitled to vote under this title or the articles of incorporation shall be entitled to be counted under this subsection except that the votes of shares owned by or voted under the control of an interested shareholder may not be counted to determine whether shareholders have voted to approve the amendment. The votes of shares owned by or voted under the control of an interested shareholder, however, shall be counted in determining whether the amendment is approved under other sections of this title and for purposes of determining a quorum.

(4) The requirements imposed by this section are in addition to, and not in lieu of, requirements imposed on any transaction by any other provision in this title, the articles of incorporation, or the bylaws of the corporation, or otherwise.

NEW SECTION. Sec. 190. LIMITATION ON LIABILITY OF DIRECTORS—INDEMNIFICATION. The provisions of sections 99 and 105 through 115 of this act shall apply to any corporation, other than a municipal corporation, incorporated under the laws of the state of Washington.

NONADMITTED ORGANIZATIONS

NEW SECTION. Sec. 191. NONADMITTED ORGANIZATIONS MAY OWN AND ENFORCE NOTES SECURED BY REAL ESTATE MORTGAGES. Any corporation, bank, trust company, mutual savings bank, savings and loan association, national banking association, or other corporation or association organized and existing under the laws of the United States or under the laws of any state or territory of the United States other than the state of Washington, including, without restriction of the generality of the foregoing description, employee pension fund organizations, charitable foundations, trust funds, or other funds, foundations or
trusts engaged in the investment of moneys, and trustees of such organiza-
tions, foundations, funds or trusts, and which are not admitted to conduct
business in the state of Washington under the provisions of this title, and
which are not otherwise specifically authorized to transact business in this
state, herein collectively referred to as "nonadmitted organizations," may
purchase, acquire, hold, sell, assign, transfer, and enforce notes secured by
real estate mortgages covering real property situated in this state and the
security interests thereby provided, and may make commitments to pur-
chase or acquire such notes so secured.

NEW SECTION. Sec. 192. NONADMITTED ORGANIZATIONS
MAY FORECLOSE MORTGAGES. Such nonadmitted organizations
shall have the right to foreclose such mortgages under the laws of this state
or to receive voluntary conveyance in lieu of foreclosure, and in the course
of such foreclosure or of such receipt of conveyance in lieu of foreclosure,
to acquire the mortgaged property, and to hold and own such property and to
dispose thereof. Such nonadmitted organizations however, shall not be al-
lowed to hold, own, and operate said property for a period exceeding five
years. In the event said nonadmitted organizations do hold, own, and oper-
ate said property for a period in excess of five years, it shall be forthwith
required to appoint an agent as required by section 175 of this act for for-

gie corporations doing business in this state.

NEW SECTION. Sec. 193. BY ENGAGING IN CERTAIN AC-

TIVITIES, NONADMITTED ORGANIZATIONS ARE NOT TRANS-

ACTING BUSINESS. The activities authorized by sections 191 and 192 of
this act by such nonadmitted organizations shall not constitute "transacting
business" within the meaning of sections 169 through 181 of this act.

NEW SECTION. Sec. 194. SERVICE OF PROCESS. In any action
in law or equity commenced by the obligor or obligors, it, his, her, or their
assignee or assignees against the said nonadmitted organizations on the said
notes secured by said real estate mortgages purchased by said nonadmitted
organizations, service of all legal process may be had by serving the secre-

tary of state of the state of Washington.

NEW SECTION. Sec. 195. PROCEDURE FOR SERVICE OF

PROCESS. Duplicate copies of legal process against said nonadmitted or-

ganizations shall be served upon the secretary of state by registered mail. At
the time of service the plaintiff shall pay to the secretary of state twenty-
five dollars taxable as costs in the action and shall also furnish the secretary
of state the home office address of said nonadmitted organization. The sec-
retary of state shall forthwith send one of the copies of process by certified
mail to the said nonadmitted organization to its home office. The secretary
of state shall keep a record of the day, month, and year of service upon the
secretary of state of all legal process. No proceedings shall be had against
the nonadmitted organization nor shall it be required to appear, plead, or
answer until the expiration of forty days after the date of service upon the secretary of state.

NEW SECTION. Sec. 196. VENUE. Suit upon causes of action arising against the said nonadmitted organizations shall be brought in the county where the property is situated which is the subject of the mortgage purchased by the said nonadmitted organizations. If the property covered by the said mortgage is situated in more than one county, venue may be had in any of said counties where the property lies.

SIGNIFICANT BUSINESS TRANSACTIONS

NEW SECTION. Sec. 197. LEGISLATIVE FINDINGS—INTENT. The legislature finds that:

1. Corporations that offer employment and health, retirement, and other benefits to citizens of the state of Washington are vital to the economy of this state and the well-being of all of its citizens;

2. The welfare of the employees of these corporations is of paramount interest and concern to this state;

3. Many businesses in this state rely on these corporations to purchase goods and services;

4. Hostile or unfriendly attempts to gain control of or influence otherwise publicly held corporations can cause corporate management to dissipate a corporation's assets in an effort to resist the takeover by selling or distributing cash or assets, redeeming stock, or taking other steps to increase the short-term gain to shareholders and to dissipate energies required for strategic planning, market development, capital investment decisions, assessment of technologies, and evaluation of competitive challenges that can damage the long-term interests of shareholders and the economic health of the state by reducing or eliminating the ability to finance investments in research and development, new products, facilities and equipment, and by undermining the planning process for those purposes;

5. Hostile or unfriendly attempts to gain control of or influence otherwise publicly held corporations are often highly leveraged pursuant to financing arrangements which assume that an acquirer will promptly obtain access to an acquired corporation's cash or assets and use them, or the proceeds of their sale, to repay acquisition indebtedness;

6. Hostile or unfriendly attempts to gain control of or influence otherwise publicly held corporations can harm the economy of the state by weakening corporate performance, and causing unemployment, plant closings, reduced charitable donations, declining population base, reduced income to fee-supported local government services, reduced tax base, and reduced income to other businesses; and

7. The state has a substantial and legitimate interest in regulating domestic corporations and those foreign corporations that have their most
significant business contacts with this state and in regulating hostile or unfriendly attempts to gain control of or influence otherwise publicly held domestic corporations and those foreign corporations that employ a large number of citizens of the state, pay significant taxes, and have a substantial economic base in the state.

The legislature intends this chapter to balance the substantial and legitimate interests of the state in domestic corporations and those foreign corporations that employ a large number of citizens of the state and that have a substantial economic base in the state with: The interests of citizens of other states who own shares of such corporations; the interests of the state of incorporation of such foreign corporations in regulating the internal affairs of corporations incorporated in that state; and the interests of promoting interstate commerce. To this effect, the legislature intends to regulate certain transactions between publicly held corporations and acquiring persons that will tend to harm the long-term health of domestic corporations and of foreign corporations that have their principal executive office and a majority of their assets in this state and that employ a large number of citizens of this state.

NEW SECTION. Sec. 198. CHAPTER DEFINITIONS. The definitions in this section apply throughout this chapter.

(1) "Acquiring person" means a person or group of persons, other than the target corporation or a subsidiary of the target corporation, who beneficially owns ten percent or more of the outstanding voting shares of the target corporation. The term "acquiring person" does not include a person who (a) beneficially owns ten percent or more of the outstanding voting shares of the target corporation on March 23, 1988; (b) acquires its shares by gift, inheritance, or in a transaction in which no consideration is exchanged; or (c) exceeds the ten percent threshold as a result of action taken solely by the target corporation, such as redemption of shares, unless that person, by its own action, acquires additional shares of the target corporation. An agent, bank, broker, nominee, or trustee for another person, if the other person is not an acquiring person, who acts in good faith and not for the purpose of circumventing this chapter, is not an acquiring person.

(2) "Affiliate" means a person who directly or indirectly controls, or is controlled by, or is under common control with, a person.

(3) "Associate" means (a) a domestic or foreign corporation or organization of which a person is an officer, director, or partner or in which a person performs a similar function; (b) a direct or indirect beneficial owner of ten percent or more of any class of equity securities of a person; (c) a trust or estate in which a person has a beneficial interest or as to which a person serves as trustee or in a similar fiduciary capacity; and (d) if having the same residence as a person, the person's relative, spouse, or spouse's relative.
(4) "Beneficial ownership," when used with respect to any shares, means ownership by a person:

(a) Who, individually or with or through any of its affiliates or associates, beneficially owns such shares, directly or indirectly; or

(b) Who, individually or with or through any of its affiliates or associates, has (i) the right to acquire the shares, whether the right is exercisable immediately or only after the passage of time, pursuant to any agreement, arrangement, or understanding, whether or not in writing, or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise. A person is not the beneficial owner of shares tendered pursuant to a tender or exchange offer made by the person or any of the person's affiliates or associates until the tendered shares are accepted for purchase or exchange; or (ii) the right to vote the shares pursuant to any agreement, arrangement, or understanding, whether or not in writing. A person is not the beneficial owner of any shares under (b)(ii) of this subsection if the agreement, arrangement, or understanding to vote the shares arises solely from a revocable proxy or consent given in response to a proxy or consent solicitation made in accordance with the applicable rules and regulations under the exchange act and is not then reportable on schedule 13D under the exchange act, or any comparable or successor report; or

(c) Who has any agreement, arrangement, or understanding, whether or not in writing, for the purpose of acquiring, holding, voting, except voting pursuant to a revocable proxy or consent as described in (b)(ii) of this subsection, or disposing of the shares with any other person who beneficially owns, or whose affiliates or associates beneficially own, directly or indirectly, the shares.

(5) "Control," "controlling," "controlled by," and "under common control with," means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting shares, by contract, or otherwise. A person's beneficial ownership of ten percent or more of a domestic or foreign corporation's outstanding voting shares shall create a presumption that such person has control of such corporation. However, a person does not have control of a domestic or foreign corporation if the person holds voting shares, in good faith and not for the purpose of circumventing this chapter, as an agent, bank, broker, nominee, custodian, or trustee for one or more beneficial owners who do not individually or as a group have control of such corporation.

(6) "Exchange act" means the federal securities exchange act of 1934, as amended.

(7) "Market value," in the case of property other than cash or shares, means the fair market value of the property on the date in question as determined by the board of directors of the target corporation in good faith.
(8) "Person" means an individual, domestic or foreign corporation, partnership, trust, unincorporated association, or other entity; an affiliate or associate of any such person; or any two or more persons acting as a partnership, syndicate, or other group for the purpose of acquiring, holding, or dispersing of securities of a domestic or foreign corporation.

(9) "Significant business transaction" means:

(a) A merger or consolidation of a target corporation or a subsidiary of a target corporation with (i) an acquiring person, or (ii) any other domestic or foreign corporation which is, or after the merger or consolidation would be, an affiliate or associate of the acquiring person;

(b) A sale, lease, exchange, mortgage, pledge, transfer, or other disposition or encumbrance, whether in one transaction or a series of transactions, to or with an acquiring person or an affiliate or associate of an acquiring person of assets of a target corporation or a subsidiary of a target corporation (i) having an aggregate market value equal to five percent or more of the aggregate market value of all the assets, determined on a consolidated basis, of the target corporation, (ii) having an aggregate market value equal to five percent or more of the aggregate market value of all the outstanding shares of the target corporation, or (iii) representing five percent or more of the earning power or net income, determined on a consolidated basis, of the target corporation;

(c) The termination, while the corporation has an acquiring person and as a result of the acquiring person's acquisition of ten percent or more of the shares of the corporation, of five percent or more of the employees of the target corporation or its subsidiaries employed in this state, whether at one time or over the five-year period following the share acquisition date. For the purposes of (c) of this subsection, a termination other than an employee's death or disability or bona fide voluntary retirement, transfer, resignation, or leave of absence shall be presumed to be a termination resulting from the acquiring person's acquisition of shares, which presumption may be rebutted by clear and convincing evidence. A bona fide voluntary transfer of employees between the target corporation and its subsidiaries or between its subsidiaries is not a termination for the purposes of (c) of this subsection;

(d) The issuance, transfer, or redemption by a target corporation or a subsidiary of a target corporation, whether in one transaction or a series of transactions, of shares or of options, warrants, or rights to acquire shares of a target corporation or a subsidiary of a target corporation to or beneficially owned by an acquiring person or an affiliate or associate of an acquiring person except pursuant to the exercise of warrants or rights to purchase shares offered, or a dividend, distribution, or redemption paid or made pro rata to, all shareholders or holders of options, warrants, or rights to acquire shares of the target corporation, and except for involuntary redemptions...
permitted by the target corporation's charter or by the law of this state or the state of incorporation;

(e) The adoption of a plan or proposal for the sale of assets, liquidation, or dissolution of a target corporation proposed by, or pursuant to an agreement, arrangement, or understanding, whether or not in writing, with an acquiring person or an affiliate or associate of an acquiring person;

(f) A reclassification of securities, including, without limitation, any stock split, stock dividend, or other distribution of stock in respect of stock, or any reverse stock split, or recapitalization of a target corporation, or a merger or consolidation of a target corporation with a subsidiary of the target corporation, or any other transaction, whether or not with or into or otherwise involving an acquiring person, proposed by, or pursuant to an agreement, arrangement, or understanding, whether or not in writing, with an acquiring person or an affiliate or associate of an acquiring person, that has the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of a class or series of voting shares or securities convertible into voting shares of a target corporation or a subsidiary of the target corporation that is directly or indirectly owned by an acquiring person or an affiliate or associate of an acquiring person, except as a result of immaterial changes due to fractional share adjustments;

(g) A receipt by an acquiring person or an affiliate or associate of an acquiring person of the benefit, directly or indirectly, except proportionately as a shareholder of a target corporation, of loans, advances, guarantees, pledges, or other financial assistance or tax credits or other tax advantages provided by or through a target corporation; or

(h) An agreement, contract, or other arrangement providing for any of the transactions in this subsection.

(10) "Share acquisition date" means the date on which a person first becomes an acquiring person of a target corporation.

(11) "Subsidiary" means a domestic or foreign corporation that has a majority of its outstanding voting shares owned, directly or indirectly, by another domestic or foreign corporation.

(12) "Tangible assets" means tangible real and personal property of all kinds. It shall also include leasehold interests in tangible real and personal property.

(13) "Target corporation" means:

(a) Every domestic corporation organized under sections 26 through 32 of this act or any predecessor provision if, as of the share acquisition date, the corporation's principal executive office is located in the state and either a majority of the corporation's employees, together with those of its subsidiaries, are residents of the state or the corporation, together with its subsidiaries, employs more than one thousand residents of the state; and
(b) Every foreign corporation required to have a certificate of authority to transact business in this state pursuant to sections 169 through 181 of this act, if, as of the share acquisition date:

(i) The corporation's principal executive office is located in the state;

(ii) The corporation has: (A) More than ten percent of its shareholders of record resident in the state; or (B) more than ten percent of its shares owned of record by state residents; or (C) one thousand or more shareholders of record resident in the state;

(iii) A majority of the corporation's employees, together with those of its subsidiaries, are residents of the state or the corporation, together with its subsidiaries, employs more than one thousand residents of the state; and

(iv) A majority of the corporation's tangible assets, together with those of its subsidiaries, measured by market value, are located in the state or the corporation, together with its subsidiaries, has more than fifty million dollars' worth of tangible assets located in the state.

For purposes of this subsection, the record date for determining the percentages and numbers of shareholders and shares shall be the last shareholder record date before the event requiring that the determination be made. A shareholder record date shall be determined pursuant to section 66 of this act for a domestic corporation and the comparable provision of the law of the state in which a foreign corporation is incorporated. If a shareholder record date has not been fixed by the board of directors within the preceding four months, the determination shall be made as of the end of the domestic or foreign corporation's most recent fiscal quarter.

The residence of each shareholder is presumed to be the address appearing in the records of the domestic or foreign corporation. Shares held of record by brokers or nominees shall be disregarded for purposes of calculating the percentages and numbers specified in this subsection. Shares of a domestic or foreign corporation allocated to the account of an employee or former employee or beneficiaries of employees or former employees of a domestic or foreign corporation and held in a plan that is qualified under section 401(a) of the federal internal revenue code of 1986, as amended, and is a defined contribution plan within the meaning of section 414(i) of the code shall be deemed, for the purposes of this subsection, to be held of record by the employee to whose account such shares are allocated.

A domestic or foreign corporation shall be deemed to be a target corporation if the domestic or foreign corporation's failure to satisfy the requirements of this subsection is caused by the action of, or is the result of a proposal by, an acquiring person or affiliate or associate of an acquiring person.

NEW SECTION. Sec. 199. TRANSACTIONS EXCLUDED FROM CHAPTER. This chapter does not apply to:
(1) A significant business transaction of a target corporation that does not have a class of voting stock registered with the securities and exchange commission pursuant to section 12 of the exchange act; or

(2) A significant business transaction of a target corporation with an acquiring person of the target corporation which became an acquiring person inadvertently, if the acquiring person (a) as soon as practicable, divests itself of a sufficient amount of the voting shares of the target corporation so that it no longer is the beneficial owner, directly or indirectly, of ten percent or more of the outstanding voting shares of the target corporation, and (b) would not at any time within the five-year period preceding the date of the first public announcement of the significant business transaction have been an acquiring person but for the inadvertent acquisition.

NEW SECTION. Sec. 200. APPROVAL OF SIGNIFICANT BUSINESS TRANSACTION REQUIRED—VIOLATION. (1)(a) Notwithstanding any provision of this title, a target corporation shall not engage in any significant business transaction for a period of five years following the acquiring person's share acquisition date unless the significant business transaction or the purchase of shares made by the acquiring person on the share acquisition date is approved prior to the acquiring person's share acquisition date by a majority of the members of the board of directors of the target corporation.

(b) If a good faith proposal for a significant business transaction is made in writing to the board of directors of the target corporation prior to the significant business transaction or prior to the share acquisition date, the board of directors shall respond in writing, within thirty days or such shorter period, if any, as may be required by the exchange act setting forth its reasons for its decision regarding the proposal. If a good faith proposal to purchase shares is made in writing to the board of directors of the target corporation, the board of directors, unless it responds affirmatively in writing within thirty days or a shorter period, if any, as may be required by the exchange act, shall be deemed to have disapproved such share purchase.

(2) A target corporation that engages in a significant business transaction that violates subsection (1) of this section and that is not exempt under section 197 of this act shall have its certificate of incorporation or certificate of authority to transact business in this state revoked under section 160 or 180 of this act for domestic or foreign target corporations, respectively. In addition, such significant transaction shall be void.

NEW SECTION. Sec. 201. PROVISIONS OF CHAPTER ADDITIONAL TO OTHER REQUIREMENTS. The requirements imposed by this chapter are to be in addition to, and not in lieu of, requirements imposed on a transaction by any provision in the articles of incorporation or the bylaws of the target corporation, or otherwise.
NEW SECTION. Sec. 202. SAVINGS PROVISIONS. (1) Except as provided in subsection (2) of this section, the repeal of a statute by this title does not affect:

(a) The operation of the statute or any action taken under it before its repeal;
(b) Any ratification, right, remedy, privilege, obligation, or liability acquired, accrued, or incurred under the statute before its repeal;
(c) Any violation of the statute, or any penalty, forfeiture, or punishment incurred because of the violation, before its repeal; or
(d) Any proceeding, reorganization, or dissolution commenced under the statute before its repeal, and the proceeding, reorganization, or dissolution may be completed in accordance with the statute as if it had not been repealed.

(2) If a penalty or punishment imposed for violation of a statute repealed by this title is reduced by this title, the penalty or punishment if not already imposed shall be imposed in accordance with this title.

NEW SECTION. Sec. 203. SEVERABILITY. If any provision of this title or its application to any person or circumstance is held invalid by a court of competent jurisdiction, the invalidity does not affect other provisions or applications of the title that can be given effect without the invalid provision or application, and to this end the provisions of the title are severable.

NEW SECTION. Sec. 204. REPEAL. The following acts or parts of acts are each repealed:

(2) Section 4, chapter 53, Laws of 1965, section 2, chapter 16, Laws of 1979 and RCW 23A.08.010;
(5) Section 3, chapter 58, Laws of 1969 ex. sess. and RCW 23A.08.026;
(7) Section 7, chapter 53, Laws of 1965 and RCW 23A.08.040;
(8) Section 8, chapter 53, Laws of 1965, section 5, chapter 16, Laws of 1979, section 36, chapter 55, Laws of 1987 and RCW 23A.08.050;
(9) Section 9, chapter 53, Laws of 1965, section 1, chapter 83, Laws of
1969 ex. sess., section 6, chapter 16, Laws of 1979, section 5, chapter 35,
Laws of 1982 and RCW 23A.08.060;
(10) Section 10, chapter 53, Laws of 1965, section 2, chapter 117,
Laws of 1986, section 37, chapter 55, Laws of 1987 and RCW 23A.08.070;
(11) Section 11, chapter 53, Laws of 1965, section 3, chapter 117,
Laws of 1986 and RCW 23A.08.080;
(12) Section 12, chapter 53, Laws of 1965, section 6, chapter 35, Laws
of 1982 and RCW 23A.08.090;
(13) Section 13, chapter 53, Laws of 1965, section 1, chapter 190,
Laws of 1967, section 1, chapter 193, Laws of 1977 ex. sess., section 7,
chapter 16, Laws of 1979, section 7, chapter 35, Laws of 1982 and RCW
23A.08.100;
(14) Section 14, chapter 53, Laws of 1965, section 2, chapter 190,
Laws of 1967, section 8, chapter 35, Laws of 1982, section 4, chapter 117,
Laws of 1986 and RCW 23A.08.110;
(15) Section 15, chapter 53, Laws of 1965, section 8, chapter 16, Laws
of 1979, section 4, chapter 75, Laws of 1984, section 1, chapter 290, Laws
of 1985, section 5, chapter 117, Laws of 1986 and RCW 23A.08.120;
(16) Section 16, chapter 53, Laws of 1965, section 5, chapter 264,
Laws of 1975 1st ex. sess., section 2, chapter 193, Laws of 1977 ex. sess.,
and RCW 23A.08.130;
(17) Section 5, chapter 38, Laws of 1971 ex. sess., section 6, chapter
75, Laws of 1984 and RCW 23A.08.135;
(18) Section 17, chapter 53, Laws of 1965 and RCW 23A.08.140;
(19) Section 18, chapter 53, Laws of 1965, section 9, chapter 16, Laws
of 1979, section 7, chapter 75, Laws of 1984, section 6, chapter 117, Laws
of 1986 and RCW 23A.08.150;
(20) Section 2, chapter 290, Laws of 1985 and RCW 23A.08.155;
(21) Section 21, chapter 53, Laws of 1965, section 9, chapter 75, Laws
of 1984 and RCW 23A.08.180;
(22) Section 22, chapter 53, Laws of 1965, section 10, chapter 16,
Laws of 1979, section 10, chapter 75, Laws of 1984, section 3, chapter 290,
Laws of 1985, section 55, chapter 35, Laws of 1986 and RCW 23A.08.190;
(23) Section 56, chapter 35, Laws of 1986 and RCW 23A.08.195;
(24) Section 23, chapter 53, Laws of 1965, section 11, chapter 16,
Laws of 1979, section 11, chapter 75, Laws of 1984, section 57, chapter 35,
Laws of 1986 and RCW 23A.08.200;
(25) Section 4, chapter 290, Laws of 1985 and RCW 23A.08.205;
(26) Section 25, chapter 53, Laws of 1965 and RCW 23A.08.220;
(27) Section 26, chapter 53, Laws of 1965, section 12, chapter 16,
Laws of 1979 and RCW 23A.08.230;
(28) Section 27, chapter 53, Laws of 1965 and RCW 23A.08.240;
(30) Section 2, chapter 99, Laws of 1980 and RCW 23A.08.255;
(32) Section 14, chapter 16, Laws of 1979 and RCW 23A.08.265;
(33) Section 30, chapter 53, Laws of 1965, section 9, chapter 117, Laws of 1986 and RCW 23A.08.270;
(34) Section 31, chapter 53, Laws of 1965, section 15, chapter 16, Laws of 1979 and RCW 23A.08.280;
(36) Section 33, chapter 53, Laws of 1965, section 17, chapter 16, Laws of 1979, section 12, chapter 75, Laws of 1984 and RCW 23A.08.300;
(40) Section 1, chapter 264, Laws of 1975 1st ex. sess. and RCW 23A.08.325;
(43) Section 5, chapter 99, Laws of 1980 and RCW 23A.08.343;
(44) Section 1, chapter 176, Laws of 1967, section 18, chapter 16, Laws of 1979 and RCW 23A.08.345;
(46) Section 39, chapter 53, Laws of 1965 and RCW 23A.08.360;
(47) Section 40, chapter 53, Laws of 1965 and RCW 23A.08.370;
(50) Section 6, chapter 99, Laws of 1980 and RCW 23A.08.395;


(54) Section 6, chapter 290, Laws of 1985 and RCW 23A.08.425;

(55) Section 5, chapter 290, Laws of 1985 and RCW 23A.08.435;

(56) Section 8, chapter 290, Laws of 1985 and RCW 23A.08.445;


(58) Section 49, chapter 53, Laws of 1965 and RCW 23A.08.460;


(60) Section 52, chapter 53, Laws of 1965 and RCW 23A.08.490;


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(75) Section 73, chapter 53, Laws of 1965, section 2, chapter 38, Laws of 1971 ex. sess. and RCW 23A.20.010;

(76) Section 74, chapter 53, Laws of 1965, section 3, chapter 38, Laws of 1971 ex. sess. and RCW 23A.20.020;

(77) Section 35, chapter 16, Laws of 1979 and RCW 23A.20.025;


(83) Section 80, chapter 53, Laws of 1965, section 41, chapter 16, Laws of 1979 and RCW 23A.24.010;


(85) Section 82, chapter 53, Laws of 1965, section 43, chapter 16, Laws of 1979 and RCW 23A.24.030;


(91) Section 88, chapter 53, Laws of 1965 and RCW 23A.28.050;


(96) Section 93, chapter 53, Laws of 1965 and RCW 23A.28.100;


(100) Section 2, chapter 32, Laws of 1983 and RCW 23A.28.127;


(104) Section 5, chapter 32, Laws of 1983 and RCW 23A.28.141;

(105) Section 98, chapter 53, Laws of 1965 and RCW 23A.28.150;

(107) Section 100, chapter 53, Laws of 1965 and RCW 23A.28.170;
(109) Section 102, chapter 53, Laws of 1965 and RCW 23A.28.190;
(110) Section 103, chapter 53, Laws of 1965 and RCW 23A.28.200;
(111) Section 104, chapter 53, Laws of 1965 and RCW 23A.28.210;
(112) Section 105, chapter 53, Laws of 1965 and RCW 23A.28.220;
(113) Section 106, chapter 53, Laws of 1965 and RCW 23A.28.230;
(117) Section 110, chapter 53, Laws of 1965 and RCW 23A.32.020;
(123) Section 54, chapter 35, Laws of 1982 and RCW 23A.32.072;
(129) Section 121, chapter 53, Laws of 1965, section 22, chapter 117, Laws of 1986 and RCW 23A.32.130;
(134) Section 20, chapter 117, Laws of 1986 and RCW 23A.32.173;
(135) Section 21, chapter 117, Laws of 1986 and RCW 23A.32.176;
(136) Section 26, chapter 53, Laws of 1965 and RCW 23A.32.180;
(137) Section 27, chapter 53, Laws of 1965 and RCW 23A.32.190;
(138) Section 7, chapter 4, Laws of 1987 2nd ex. sess., section 4, chapter 225, Laws of 1988 and RCW 23A.32.200;
(139) Section 128, chapter 53, Laws of 1965 and RCW 23A.36.010;
(140) Section 129, chapter 53, Laws of 1965 and RCW 23A.36.020;
(141) Section 130, chapter 53, Laws of 1965, section 56, chapter 16, Laws of 1979 and RCW 23A.36.030;
(142) Section 131, chapter 53, Laws of 1965 and RCW 23A.36.040;
(144) Section 133, chapter 53, Laws of 1965 and RCW 23A.36.060;


(153) Section 4, chapter 230, Laws of 1981 and RCW 23A.40.077;

(154) Section 141, chapter 53, Laws of 1965 and RCW 23A.40.080;

(155) Section 148, chapter 53, Laws of 1965, section 65, chapter 35, Laws of 1982 and RCW 23A.44.010;

(156) Section 149, chapter 53, Laws of 1965, section 66, chapter 35, Laws of 1982 and RCW 23A.44.020;

(157) Section 150, chapter 53, Laws of 1965 and RCW 23A.44.030;

(158) Section 151, chapter 53, Laws of 1965, section 67, chapter 35, Laws of 1982 and RCW 23A.44.040;

(159) Section 152, chapter 53, Laws of 1965, section 68, chapter 35, Laws of 1982 and RCW 23A.44.050;

(160) Section 153, chapter 53, Laws of 1965, section 69, chapter 35, Laws of 1982 and RCW 23A.44.060;

(161) Section 154, chapter 53, Laws of 1965 and RCW 23A.44.070;

(162) Section 155, chapter 53, Laws of 1965 and RCW 23A.44.080;

(163) Section 157, chapter 53, Laws of 1965, section 9, chapter 32, Laws of 1983 and RCW 23A.44.100;

(164) Section 158, chapter 53, Laws of 1965 and RCW 23A.44.110;

(165) Section 159, chapter 53, Laws of 1965 and RCW 23A.44.120;

(166) Section 160, chapter 53, Laws of 1965 and RCW 23A.44.130;

(167) Section 161, chapter 53, Laws of 1965 and RCW 23A.44.140;

(168) Section 10, chapter 190, Laws of 1967 and RCW 23A.44.145;

(169) Section 4, chapter 58, Laws of 1969 ex. sess., section 70, chapter 35, Laws of 1982 and RCW 23A.44.146;

(170) Section 162, chapter 53, Laws of 1965 and RCW 23A.44.150;

(171) Section 163, chapter 53, Laws of 1965 and RCW 23A.44.160;

(172) Section 4, chapter 83, Laws of 1969 ex. sess. and RCW 23A.44.170;

(173) Section 23, chapter 75, Laws of 1984 and RCW 23A.44.180;
(174) Section 1, chapter 4, Laws of 1987 2nd ex. sess., section 1, chapter 225, Laws of 1988 and RCW 23A.50.010;
(175) Section 2, chapter 4, Laws of 1987 2nd ex. sess., section 2, chapter 225, Laws of 1988 and RCW 23A.50.020;
(176) Section 3, chapter 4, Laws of 1987 2nd ex. sess. and RCW 23A.50.030;
(177) Section 4, chapter 4, Laws of 1987 2nd ex. sess. and RCW 23A.50.040;
(178) Section 5, chapter 4, Laws of 1987 2nd ex. sess. and RCW 23A.50.050;
(179) Section 9, chapter 4, Laws of 1987 2nd ex. sess. and RCW 23A.50.900;
(180) Section 2, chapter 53, Laws of 1965 and RCW 23A.98.010;
(181) Section 164, chapter 53, Laws of 1965 and RCW 23A.98.020;
(183) Section 167, chapter 53, Laws of 1965 and RCW 23A.98.050.

NEW SECTION. Sec. 205. EFFECTIVE DATE. This act shall take effect July 1, 1990.

NEW SECTION. Sec. 206. Section headings as used in this act do not constitute any part of the law.

NEW SECTION. Sec. 207. LEGISLATIVE DIRECTIVE. (1) Sections 1 through 25 of this act shall constitute a new chapter to be added to Title . . . RCW (sections 1 through 201 of this act) and codified with the chapter heading "GENERAL PROVISIONS."

(2) Sections 26 through 32 of this act shall constitute a new chapter to be added to Title . . . RCW (sections 1 through 201 of this act) and codified with the chapter heading "INCORPORATION."

(3) Sections 33 through 36 of this act shall constitute a new chapter to be added to Title . . . RCW (sections 1 through 201 of this act) and codified with the chapter heading "POWERS AND PURPOSES."

(4) Sections 37 through 39 of this act shall constitute a new chapter to be added to Title . . . RCW (sections 1 through 201 of this act) and codified with the chapter heading "NAME."

(5) Sections 40 through 43 of this act shall constitute a new chapter to be added to Title . . . RCW (sections 1 through 201 of this act) and codified with the chapter heading "OFFICE AND AGENT."

(6) Sections 44 through 59 of this act shall constitute a new chapter to be added to Title . . . RCW (sections 1 through 201 of this act) and codified with the chapter heading "SHARES AND DISTRIBUTIONS."
(7) Sections 60 through 79 of this act shall constitute a new chapter to be added to Title ... RCW (sections 1 through 201 of this act) and codified with the chapter heading "SHAREHOLDERS."

(8) Sections 80 through 119 of this act shall constitute a new chapter to be added to Title ... RCW (sections 1 through 201 of this act) and codified with the chapter heading "DIRECTORS AND OFFICERS."

(9) Sections 120 through 130 of this act shall constitute a new chapter to be added to Title ... RCW (sections 1 through 201 of this act) and codified with the chapter heading "AMENDMENT OF ARTICLES OF INCORPORATION AND BYLAWS."

(10) Sections 131 through 137 of this act shall constitute a new chapter to be added to Title ... RCW (sections 1 through 201 of this act) and codified with the chapter heading "MERGER AND SHARE EXCHANGE."

(11) Sections 138 through 139 of this act shall constitute a new chapter to be added to Title ... RCW (sections 1 through 201 of this act) and codified with the chapter heading "SALE OF ASSETS."

(12) Sections 140 through 153 of this act shall constitute a new chapter to be added to Title ... RCW (sections 1 through 201 of this act) and codified with the chapter heading "DISsenters' RIGHTS."

(13) Sections 154 through 168 of this act shall constitute a new chapter to be added to Title ... RCW (sections 1 through 201 of this act) and codified with the chapter heading "DISSOLUTION."

(14) Sections 169 through 181 of this act shall constitute a new chapter to be added to Title ... RCW (sections 1 through 201 of this act) and codified with the chapter heading "FOREIGN CORPORATIONS."

(15) Sections 182 through 187 of this act shall constitute a new chapter to be added to Title ... RCW (sections 1 through 201 of this act) and codified with the chapter heading "RECORDS AND REPORTS."

(16) Sections 188 through 190 of this act shall constitute a new chapter to be added to Title ... RCW (sections 1 through 201 of this act) and codified with the chapter heading "MISCELLANEOUS PROVISIONS."

(17) Sections 191 through 196 of this act shall constitute a new chapter to be added to Title ... RCW (sections 1 through 201 of this act) and codified with the chapter heading "NONADMITTED ORGANIZATIONS."

(18) Sections 197 through 201 of this act shall constitute a new chapter to be added to Title ... RCW (sections 1 through 201 of this act) and codified with the chapter heading "SIGNIFICANT BUSINESS TRANSACTIONS."

Passed the Senate February 22, 1989.
Passed the House April 12, 1989.
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