

Title 24

CORPORATIONS AND ASSOCIATIONS (NONPROFIT)

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Chapter 24.03A RCW

WASHINGTON NONPROFIT CORPORATION ACT

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PART I
FORMATION AND GENERAL CONDITIONS
ARTICLE 1
GENERAL PROVISIONS

24.03A.005 Short title. This chapter may be known and cited as the Washington nonprofit corporation act. [2021 c 176 § 1101.]

Effective date—2021 c 176: "Except for section 5204 of this act, this act takes effect January 1, 2022." [2021 c 176 § 6103.]

24.03A.010 Definitions. The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Address," unless otherwise specified, means either a physical mailing address or an electronic address.

(2) "Articles" or "articles of incorporation" means the original articles of incorporation as modified by all amendments thereof, as filed by the secretary of state. If any record filed under this chapter restates the articles in their entirety, thenceforth the articles shall not include any prior filings.

(3) "Board" or "board of directors" means the team or body of individuals ultimately responsible for the management of the activities and affairs of the nonprofit corporation, regardless of the name used to refer to the team or body.

(4) "Bylaws" means the code or codes of rules, other than the articles, adopted for the regulation and governance of the internal affairs of the nonprofit corporation, regardless of the name or names used to refer to those rules, excluding separate policies or procedures adopted by the board.

(5) "Charitable corporation" means a domestic nonprofit corporation that is operated primarily or exclusively for one or more charitable purposes.

(6) "Charitable purpose" means a purpose that:

(a) Would make a corporation organized and operated exclusively for that purpose eligible to be exempt from taxation under section 501(c)(3) of the internal revenue code; or

(b) Is considered charitable under applicable law other than this chapter or the internal revenue code.

(7) "Contribution" means the payment, donation, or promise, for consideration or otherwise, of any money or property of any kind or value which contribution is wholly or partly induced by a solicitation.

(8) "Corporation" means a domestic nonprofit corporation, unless otherwise specified.

(9) "Delegate" means a person elected or appointed to vote in a representative capacity for the election of directors or on other matters.

(10) "Deliver" or "delivery" of a record means delivery by hand, United States mail, private courier service, electronic transmission, or other methods of delivery used in conventional commercial practice, except that delivery to the secretary of state means actual receipt by the secretary of state.

(11) "Director" means an individual designated, elected, or appointed, by that or any other name or title, to act as a member of the board of directors, while the individual is holding that position.

(12) "Domestic," with respect to an entity, means governed as to its internal affairs by the law of this state.

(13) "Domestic corporation" or "domestic nonprofit corporation" means a domestic corporation incorporated under or subject to this chapter.

(14) "Domestic unincorporated entity" means an unincorporated entity whose internal affairs are governed by the laws of this state.

(15) "Electronic" means relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities.

(16) "Electronic transmission" means an electronic communication:

(a) Not directly involving the physical transfer of a record in a tangible medium; and

(b) That may be retained, retrieved, and reviewed by the sender and the recipient thereof, and that may be directly reproduced in a tangible medium by such a sender and recipient.

(17) "Electronically transmitted" means that the sender of an electronic transmission initiated the electronic transmission.

(18) "Eligible entity" means a domestic or foreign unincorporated entity, a domestic nonprofit corporation incorporated under a corporations statute other than this chapter or its predecessor statutes, or a domestic or foreign for-profit corporation.

(19) "Employee" does not include an individual serving as an officer or director who is not otherwise employed by the corporation.

(20) "Entitled to vote" means entitled to vote on the matter under consideration pursuant to the articles or bylaws of the nonprofit corporation or any applicable controlling provision of law.

(21) "Entity" means an organization or artificial legal person that either has a separate legal existence or has the power to acquire an estate in real property in its own name and includes, but is not limited to:

- (a) A domestic or foreign for-profit corporation;
- (b) A domestic or foreign nonprofit corporation;
- (c) A domestic or foreign general or limited partnership;
- (d) A domestic or foreign limited liability partnership;
- (e) A domestic or foreign limited liability company;
- (f) Any other domestic or foreign unincorporated entity;
- (g) A domestic or foreign estate or trust;
- (h) The federal government;
- (i) A tribal government; and
- (j) A state or local government, foreign government, or governmental subdivision.

(22) "Ex officio director" means an individual who becomes a member of the board of directors not through the regular elections process but by virtue of another position that he or she holds. Unless the articles or bylaws specifically state that an ex officio director does not have the right to vote, such a director has the same right to vote as any other director.

(23) "Execute" or "executed" means:

- (a) Signed, with respect to a written record;
- (b) Electronically transmitted along with sufficient information to determine the sender's identity and intent to execute; or
- (c) With respect to a record to be filed by the secretary of state, in compliance with the standards for filing as prescribed by this chapter; chapter 23.95 RCW; or the secretary of state.

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

(25) "Filing entity" means an unincorporated entity that is created by filing a public organic record.

(26) "For-profit corporation" or "domestic for-profit corporation" means a domestic business corporation incorporated under or subject to Title 23B RCW or any successor provisions.

(27) "Foreign," with respect to an entity, means governed as to its internal affairs by the law of a jurisdiction other than this state.

(28) "Foreign for-profit corporation" means a foreign corporation that would be a for-profit corporation if incorporated under the law of this state.

(29) "Foreign corporation" or "foreign nonprofit corporation" means a foreign corporation that would be a nonprofit corporation if incorporated under the law of this state.

(30) "Foreign unincorporated entity" means an unincorporated entity whose internal affairs are governed by an organic law of a jurisdiction other than this state.

(31) "Fundamental transaction" means an amendment of the articles or bylaws, merger, sale of all or substantially all

of the assets, domestication, conversion, or dissolution of a nonprofit corporation.

(32) "Gift instrument" means a record or records under which property is donated to, transferred to, granted to, or held by the corporation. A solicitation constitutes a gift instrument with respect to a donation, transfer, or grant of property made in response to the solicitation only if:

(a) The solicitation was in the form of a record, including[,] but not limited to, invitations made by electronic transmission or in electronic media, or was documented in the form of a record created no later than ninety days after the solicitation was made; and

(b) The donation, transfer, or grant of property was made within one year of the solicitation.

(33) "Governmental subdivision" includes an authority, county, district, and municipality formed or authorized by any federal, state, or local government.

(34) "Includes" denotes a partial definition.

(35) "Individual" means a natural person.

(36) "Interest" means either or both of the following rights under the organic law of an unincorporated entity:

(a) The right to receive distributions from the entity either in the ordinary course or upon liquidation; or

(b) The right to receive notice or vote on issues involving its internal affairs, other than as an agent, assignee, proxy, or person responsible for managing its business, activities, or affairs.

(37) "Interest holder" means a person who holds of record an interest.

(38) "Interest holder liability" means personal liability for a debt, obligation, or liability of a domestic or foreign for-profit or nonprofit corporation or unincorporated entity that is imposed on a person:

(a) Solely by reason of the person's status as a shareholder, interest holder, or member; or

(b) By the articles, bylaws, or an organic record pursuant to a provision of the organic law authorizing the articles, bylaws, or an organic record to make one or more specified shareholders, interest holders, or members liable in their capacity as shareholders, interest holders, or members for all or specified debts, obligations, or liabilities of the entity.

(39) "Internal revenue code" means Title 26 U.S.C., the federal internal revenue code of 1986, as amended, or any successor statute.

(40) "Jurisdiction," when used to refer to a political entity, means the United States, a state, a foreign country, or a political subdivision of a foreign country.

(41) "Jurisdiction of formation" means the jurisdiction whose law includes the organic law of an entity.

(42) "Material interest" means an actual or potential benefit or detriment, other than one that would devolve on the nonprofit corporation or the members generally, that would reasonably be expected to impair the objectivity of an individual's judgment when participating in the action to be taken.

(43) "Material relationship" means a familial, financial, professional, employment, or other relationship that would reasonably be expected to impair the objectivity of an individual's judgment when participating in the action to be taken.

(44) "Means" denotes an exhaustive definition.

(45) "Member" means:

(a) Where the articles state that the corporation has members, a person who has a right set forth in the articles or bylaws, not as a delegate, to select or vote for the election of directors or delegates or to vote on at least one type of fundamental transaction.

(b) For a corporation formed before January 1, 2022, the articles of which do not state that the corporation has members, a person who:

(i) Is defined as a member in the bylaws; and

(ii) Has a right provided in the bylaws, not as a delegate, to select or vote for the election of directors or delegates or to vote on at least one type of fundamental transaction.

(c) A delegate or group of delegates, to the extent:

(i) The powers, functions, or authority of the members have been vested in, or are exercised by, such a delegate or group of delegates; and

(ii) The provision of this chapter in which the term appears is relevant to the discharge by the delegate or group of delegates of its powers, functions, or authority.

(46) "Membership" means the rights and any obligations of a member in a nonprofit corporation.

(47) "Membership corporation" means a nonprofit corporation whose articles provide that it has members, or that has members as defined in subsection (45) of this section.

(48) "Nonfiling entity" means an unincorporated entity that is not created by filing a public organic record.

(49) "Nonmembership corporation" means a nonprofit corporation whose articles do not provide that it has members and that does not have members as defined in subsection (45)(b) of this section.

(50) "Nonprofit corporation" means a domestic nonprofit corporation, unless otherwise specified.

(51) "Notice" has the same meaning as described in RCW 24.03A.015.

(52) "Notify" means to provide notice as defined in RCW 24.03A.015.

(53) "Officer" includes:

(a) A person who is an officer as defined in RCW 24.03A.585; and

(b) If a nonprofit corporation is in the hands of a custodian, receiver, trustee, or other court-appointed fiduciary, that fiduciary or any person appointed by that fiduciary to act as an officer for any purpose under this chapter.

(54) "Organic law" means the law of an entity's jurisdiction of formation governing the internal affairs of the entity.

(55) "Organic record" means a public organic record or the private organic rules.

(56) "Person" includes an individual or an entity.

(57) "Principal office" means the office designated in the annual report required under RCW 23.95.255 as the location of the principal executive office of a domestic or foreign nonprofit corporation, whether or not in this state.

(58) "Private organic rules" means the rules, whether or not in a record, that govern the internal affairs of an unincorporated entity, are binding on all of its interest holders, and are not part of its public organic record, if any.

(59) "Proceeding" means any civil suit or criminal, administrative, or investigatory action.

(60) "Property" means all property, whether real, personal, or mixed or tangible or intangible, including cash, securities, or real property, or any right or interest therein.

(61) "Property held for charitable purposes" is as defined in RCW 24.03A.165.

(62) "Public organic record" means the record, if any, that is filed as a public record to create an unincorporated entity and any amendment to or restatement of that record.

(63) "Record" means information inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form. An electronic transmission not directly involving the physical transfer of a record in a tangible medium is a record only if:

(a) It may be retained, retrieved, and reviewed by the sender and the recipient thereof; and

(b) It may be directly reproduced in a tangible medium by the sender and the recipient thereof.

(64) "Record date" means the date established under RCW 24.03A.420 on which a nonprofit corporation determines the identity of its members and the membership rights they hold for purposes of this chapter. The determinations shall be made as of 12:01 a.m. on the record date unless another time for doing so is specified when the record date is fixed.

(65) "Registered foreign nonprofit corporation" means a foreign nonprofit corporation registered to do business in this state.

(66) "Religious corporation" means a charitable corporation including, but not limited to, a church, mosque, synagogue, temple, nondenominational ministry, interdenominational or ecumenical organization, or faith-based social service agency, that is:

(a) Organized primarily for religious purposes;

(b) Operated primarily, in good faith, to carry out religious purposes;

(c) Held out to the public as carrying out religious purposes; and

(d) Not engaged primarily or substantially in the exchange of goods or services for consideration, unless the consideration does not exceed nominal amounts.

(67) "Shareholder" means the person in whose name shares are registered in the records of a domestic or foreign for-profit corporation or the beneficial owner of shares to the extent of the rights granted by a nominee certificate on file with such a corporation.

(68) "Shares" means the units into which the proprietary interests in a domestic or foreign for-profit corporation, or a nonprofit corporation incorporated under organic law other than this chapter that permits proprietary interests in such a corporation, are divided.

(69) "Solicitation" means any oral or written request for a contribution, including an offer or attempt by the solicitor to sell any property, rights, services, or other thing, in connection with which:

(a) Any appeal is made for any charitable purpose;

(b) The name of any charitable corporation, or any foreign nonprofit corporation that would be a charitable corporation if it were incorporated under this chapter, is used as an inducement for making the contribution or consummating the sale; or

(c) Any statement is made that implies that the whole or any part of the contribution or the proceeds from the sale will be applied toward any charitable purpose or donated to any entity organized or operated for charitable purposes.

(70) "State" means a state of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of the United States, and any agency or governmental subdivision of any of the foregoing.

(71) "Tangible medium" means a writing, copy of a writing, facsimile, or a physical reproduction, each on paper or on other tangible material.

(72) "Unincorporated entity" means an entity that is not any of the following: A domestic or foreign for-profit or nonprofit corporation, an estate, a trust, a governmental subdivision, the federal government, a tribal government, a state or local government, a municipal corporation, a foreign government, or a governmental subdivision. The term includes a general partnership, limited liability company, limited partnership, cooperative association, limited cooperative association, business or statutory trust, joint stock association, and unincorporated nonprofit association.

(73) "Vote," "voting," or "casting a vote" includes voting occurring at a meeting; voting of members by ballot or proxy; and the giving of consent in the form of a record without a meeting by a person entitled to vote. Whether or not the person entitled to vote characterizes such conduct as voting or casting a vote, the term does not include either recording the fact of abstention or failing to vote for:

(a) A candidate; or

(b) Approval or disapproval of a matter.

(74) "Voting group" means one or more classes of members that under the articles, bylaws, or this chapter are entitled to vote and be counted together collectively on a matter at a meeting of members. All members entitled by the articles, bylaws, or this chapter to vote generally on that matter are for that purpose a single voting group.

(75) "Voting power" means the current power to vote in the election of directors or delegates, or to vote on approval of any type of fundamental transaction. [2021 c 176 § 1102.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.015 Notice. (1) Notice under this chapter must be in the form of a record unless this chapter or the articles or bylaws allow oral notice.

(2) Notice may be communicated in person or by delivery. If these forms of communication are impracticable, notice may be communicated by a newspaper of general circulation in the area where published, or by radio, television, or other form of public broadcast communication.

(3) Notice, other than notice described in subsection (4) of this section, is effective at the earliest of the following:

(a) When received;

(b) When left at the recipient's residence or usual place of business;

(c) Five days after its deposit in the United States mail or with a commercial delivery service, if the postage or delivery charge is paid and the notice is correctly addressed; or

(d) On the date shown on the return receipt, if sent by registered or certified mail, return receipt requested, or by commercial delivery service.

(4) Notice in the form of a record by a membership corporation to a member is effective:

(a) Five days after its deposit in the United States mail or with a commercial delivery service, if the postage or delivery charge is paid and the notice is correctly addressed to the member's address shown in the corporation's current record of members;

(b) When given, if the notice is delivered by electronic transmission to the member's address shown in the corporation's current record of members; or

(c) When given, if the notice is delivered in any other manner that the member has authorized.

(5) Notice to a domestic or registered foreign nonprofit corporation may be delivered to its registered agent 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 registration statement.

(6) Where oral notice is permitted, it is effective when communicated, if communicated in a comprehensible manner.

(7) If this chapter prescribes notice requirements for particular circumstances, those requirements govern. If the articles or bylaws prescribe notice requirements, not inconsistent with this section or other provisions of this chapter, those requirements govern.

(8) With respect to electronic transmissions:

(a) Unless otherwise provided in the articles or bylaws, or otherwise agreed between the sender and the recipient, an electronic transmission is received when:

(i) It enters an electronic system that the recipient has designated or currently uses for the purpose of receiving electronic transmissions of the type sent; and

(ii) It is in a form capable of being processed by that system.

(b) An electronic transmission is received under (a)(i) of this subsection even if no individual is aware of its receipt.

(c) Receipt of an electronic acknowledgment from an electronic system described in (a)(i) of this subsection establishes that a record was received but, by itself, does not establish that the content sent corresponds to the content received, and is not necessary for the record to be received.

(9) A member may revoke in the form of a record a corporation's express or implied authorization to deliver notices or communications by electronic transmission to the member. Such authorization is deemed revoked with respect to a member if:

(a) The corporation cannot deliver two consecutive notices or other communications to the member's address shown in the corporation's current record of members; and

(b) The inability becomes known to the secretary or other person responsible for giving the notice or other communication; but the failure to treat the inability as a revocation does not invalidate any meeting or other action. [2021 c 176 § 1103.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.020 Service on corporations. (1) Service upon a nonprofit corporation of any process, notice, or demand required or permitted by law may be made by serving the nonprofit corporation's registered agent.

(2) Service upon a nonprofit corporation made by serving the nonprofit corporation's registered agent, or service on the nonprofit corporation in the absence of a registered agent, is governed by chapter 23.95 RCW. [2021 c 176 § 1104.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.025 Venue for actions. Except as provided under federal or state law or in specific provisions of this chapter, every action arising under this chapter shall be tried in, and "the court" throughout this chapter refers to, the superior court:

(1) In the county where the corporation's principal office in this state is located;

(2) If the corporation has no principal office in this state, in the county where the corporation's registered agent in this state is located;

(3) Of King county; or

(4) Of Thurston county. [2021 c 176 § 1105.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.030 Application to existing nonprofit corporations. (1) This chapter applies to every domestic nonprofit corporation in existence on January 1, 2022, that was incorporated under chapter 24.03 RCW or filed a statement of election through which it elected to have chapter 24.03 RCW apply to it.

(2) Any corporation or association organized under any other chapter of Title 24 RCW may be reorganized under this chapter by adopting and filing amendments to its articles in accordance with this chapter. The articles as amended shall conform to this chapter, and shall state that the corporation accepts the benefits of and will be bound by this chapter. [2021 c 176 § 1106.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.035 Application to registered foreign nonprofit corporations. A foreign nonprofit corporation registered as of December 31, 2021, is subject to this chapter but is not required to obtain a new statement of registration to transact business in this state. [2021 c 176 § 1107.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.040 Relationship to prior statutes. (1) Except as provided in subsection (2) of this section, the repeal of chapter 24.03 RCW by chapter 176, Laws of 2021 does not affect:

(a) The operation of the repealed chapter or any action taken under it before its repeal;

(b) Any ratification, right, remedy, privilege, obligation, or liability acquired, accrued, or incurred under the repealed chapter before its repeal;

(c) Any violation of the repealed chapter, or any penalty, forfeiture, or punishment incurred because of the violation, before its repeal; or

(d) Any proceeding, reorganization, or dissolution commenced under the repealed chapter before its repeal, and the proceeding, reorganization, or dissolution may be completed in accordance with the repealed chapter as if it had not been repealed.

(2) If a penalty or punishment imposed for violation of chapter 24.03 RCW repealed by chapter 176, Laws of 2021 is

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reduced by this chapter, then the penalty or punishment if not already imposed shall be imposed in accordance with this chapter. [2021 c 176 § 1108.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.045 Relationship to other laws. (1) Unless displaced by particular provisions of this chapter, the principles of law and equity supplement this chapter.

(2) This chapter does not authorize an act prohibited by, and does not affect the application or requirements of, law other than this chapter.

(3) This chapter modifies, limits, or supersedes the federal electronic signatures in global and national commerce act, Title 15 U.S.C. Sec. 7001 et seq., but this chapter does not modify, limit, or supersede section 101(c) of that act or authorize delivery by electronic transmission of any of the notices described in section 103(b) of that act. [2021 c 176 § 1109.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.050 Subordination to canon law. To the extent religious doctrine or canon law governing the internal affairs of a nonprofit corporation is inconsistent with this chapter, the religious doctrine or canon law controls to the extent required by the United States Constitution, the state Constitution, or both. [2021 c 176 § 1110.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

ARTICLE 2

FILING DOCUMENTS—SECRETARY OF STATE

24.03A.055 Applicability of uniform business organizations code. Filing of documents under this chapter by the secretary of state is governed by this chapter and chapter 23.95 RCW. [2021 c 176 § 1201.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.060 Filing requirements. (1) To be entitled to filing by the secretary of state, a record delivered for filing under this chapter must:

(a) Satisfy the requirements set forth in RCW 23.95.200;

(b) Contain all information required under this chapter and chapter 23.95 RCW;

(c) Be executed on behalf of the domestic or foreign entity as follows:

(i) If the entity is a domestic or foreign nonprofit corporation, by an officer;

(ii) If the entity is not a domestic or foreign nonprofit corporation, by a person with authority to sign for the entity; or

(iii) If the entity is in the hands of a custodian, receiver, trustee, or other court-appointed fiduciary, by that fiduciary; and

(d) Satisfy the requirements of any other provision of this chapter or chapter 23.95 RCW that adds to or varies any of the requirements in this section.

(2) A filed record may include additional information not in conflict with the requirements of subsection (1) of this section.

(3)(a) Whenever a provision of this chapter permits any of the terms of a plan or a filed record to be dependent on

facts objectively ascertainable outside the plan or filed record, the following provisions apply:

(i) The plan or filed record shall set forth the manner in which the facts will operate upon the terms of the plan or filed record.

(ii) The facts may include:

(A) Any of the following that is available in a nationally recognized news or information medium either in print or electronically: Statistical or market indices, market prices of any security or group of securities, interest rates, currency exchange rates, or similar economic or financial data;

(B) A determination or action by any person or body, including the nonprofit corporation or any other party to a plan or filed record; or

(C) The terms of, or actions taken under, an agreement to which the corporation is a party, or any other agreement or record.

(d)[(b)] As used in this subsection [section]:

(i) "Filed record" means a record filed by the secretary of state under any provision of the uniform business organizations code or any provision of this chapter except RCW 24.03A.260 through 24.03A.310, except an annual report filed pursuant to RCW 24.03A.070; and

(ii) "Plan" means a plan of domestication, business conversion, entity conversion, distribution, or merger. [2021 c 176 § 1202.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.065 Electronic filings. Any rules governing electronic filing adopted by the secretary of state under RCW 23.95.115(2) apply to all filings required or permitted under this chapter unless such rules, this chapter, or chapter 23.95 RCW specify otherwise. [2021 c 176 § 1203.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.070 Annual report. Each domestic nonprofit corporation, and each registered foreign nonprofit corporation, shall deliver to the secretary of state for filing an annual report as required under RCW 23.95.255(2). [2021 c 176 § 1204.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.075 Major changes by charitable corporations. (1) A charitable corporation shall report any action described in subsection (2) of this section on the next annual report that the charitable corporation delivers to the secretary of state for filing under RCW 24.03A.070, except as provided in subsection (3) of this section.

(2) The actions that create a reporting requirement under this section are:

(a) Amendment of the charitable corporation's articles to include one or more purposes of the corporation substantially different from any purpose stated in the charitable corporation's articles in effect before the amendment; or

(b) Operation of a significant program or activity that is substantially different from both:

(i) Programs or activities the charitable corporation has previously operated; and

(ii) Programs or activities described in the most recent application for recognition of exemption from federal income tax that the charitable corporation has filed with the internal

revenue service and in response to which the internal revenue service has issued a determination letter of tax-exempt status to the charitable corporation.

(3) A charitable corporation is not required to report actions described in subsection (2) of this section:

(a) If the charitable corporation was a religious corporation both before and after it took the action;

(b) Within the charitable corporation's first three years of existence, if all programs or activities the charitable corporation operates are consistent with the purposes set forth in the charitable corporation's articles; or

(c) When the charitable corporation operates a program or activity described in subsection (2)(b) of this section, if all funds expended to conduct such a program or activity are derived only from one or more of the following sources:

(i) Contributions or sales in response to one or more solicitations in which:

(A) The program or activity was clearly described; and

(B) A statement was made that implies that the corporation will apply any contribution, or proceeds from any sale, in connection with those solicitations toward the program or activity;

(ii) Admissions, performance of services, or furnishing of facilities;

(iii) Sales of goods not in connection with any solicitation;

(iv) Income from investments of the charitable corporation that is not subject to any gift restriction; or

(v) Revenue from any source that is recognized after the program or activity has been in continuous operation and disclosed to the general public for a period of at least three years.

(4) The secretary of state shall deliver to the attorney general a copy of every annual report filed by the secretary of state that includes a report described in this section. [2021 c 176 § 1205.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.080 Powers of secretary of state. The secretary of state has the powers reasonably necessary to perform the duties required by this chapter, including adoption, amendment, or repeal of rules under chapter 34.05 RCW for the efficient administration of this chapter. [2021 c 176 § 1206.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.085 Fees. The secretary of state may adopt rules in accordance with chapter 34.05 RCW setting fees for any services provided by the secretary of state under this chapter. [2021 c 176 § 1207.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

ARTICLE 3 INCORPORATION

24.03A.090 Incorporators. One or more individuals may act as the incorporators of a nonprofit corporation by delivering articles of incorporation to the secretary of state for filing. Individuals acting as incorporators must be at least eighteen years old. [2021 c 176 § 1301.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.095 Corporate name. The name or any reserved name of a nonprofit corporation is governed by chapter 23.95 RCW. [2021 c 176 § 1302.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.100 Articles of incorporation. (1) The articles of incorporation shall set forth:

(a) A name for the nonprofit corporation that satisfies the requirements of RCW 24.03A.095;

(b) The name and address of the corporation's initial registered agent;

(c) That the corporation is incorporated under this chapter;

(d) The purpose or purposes for which the corporation is organized;

(e) The number of directors constituting the initial board of directors, and the names and mailing addresses of the persons who are to serve as the initial directors;

(f) If the corporation will have members as defined in RCW 24.03A.010, a statement that the corporation will have members;

(g) The distribution of assets upon dissolution;

(h) The name and mailing address of each incorporator; and

(i) The signature of each incorporator.

(2) The articles of incorporation may set forth:

(a) A statement that the corporation has no members as defined in this chapter (whether or not the corporation uses the term "member" to define one or more classes of persons who are not members as defined in this chapter);

(b) The names of the initial members, if any;

(c) Provisions not inconsistent with law regarding:

(i) Managing the business and regulating the affairs of the corporation;

(ii) Defining, limiting, and regulating the powers of the corporation, its board of directors, and the members, if any;

(iii) The characteristics, qualifications, rights, limitations, and obligations attaching to each or any class of members;

(d) A provision permitting or making obligatory indemnification of any individual made a party to a proceeding because the individual is or was a director against liability incurred in the proceeding, subject to the limitations set forth in RCW 24.03A.630;

(e) Provisions required if the corporation is to be exempt from taxation under federal, state, or local law; or

(f) Any other provision that this chapter specifically permits to be set forth in the articles or bylaws.

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

(4) Provisions of the articles may be made dependent upon facts objectively ascertainable outside the articles in accordance with RCW 24.03A.060(3). [2021 c 176 § 1303.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.105 Effectiveness of incorporation. (1) Unless a delayed effective date is specified, the corporate existence begins on the date the articles are filed by the secretary of state.

(2) The filing of the articles by the secretary of state is conclusive proof that the incorporators satisfied all conditions precedent to incorporation except in a proceeding by this state to cancel or revoke the incorporation or involuntarily dissolve the nonprofit corporation. [2021 c 176 § 1304.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.110 Requirement of registered agent. (1) Each nonprofit corporation shall designate and maintain a registered agent in this state.

(2) The designation and maintenance of a nonprofit corporation's registered agent are governed by chapter 23.95 RCW. [2021 c 176 § 1305.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.115 Liability for preincorporation transactions. All persons purporting to act as or on behalf of a nonprofit corporation, knowing there was no incorporation under this chapter, are jointly and severally liable for all liabilities created while so acting. [2021 c 176 § 1306.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.120 Organization of corporations. (1) After incorporation:

(a) The initial directors shall hold an organizational meeting at the call of a majority of the initial directors to complete the organization of the nonprofit corporation by appointing officers, adopting bylaws, and carrying on any other business brought before the meeting; and

(b) If the initial directors resign or refuse to meet, then the incorporator or incorporators shall hold a meeting at the call of a majority of the incorporators to elect a board of directors who shall complete the organization of the corporation.

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

(3) The directors or incorporators may take organizational action without a meeting if the action taken is evidenced by one or more consents in the form of a record describing the action taken and executed by each director or incorporator. [2021 c 176 § 1307.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.125 Bylaws. (1) The board shall adopt initial bylaws for the corporation.

(2) The bylaws may contain any provision for managing the activities and regulating the affairs of the corporation that is not inconsistent with law or the articles. Whenever a provision of the bylaws is inconsistent with a provision of the articles, the provision of the articles controls. [2021 c 176 § 1308.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

ARTICLE 4

PURPOSES, POWERS, AND LIMITATIONS

24.03A.130 Purposes. (1) Nonprofit corporations may be organized under this chapter for the purpose of engaging in any lawful activity. A nonprofit corporation may set forth a more limited purpose or purposes in its articles.

(2) A charitable corporation formed on or after January 1, 2022, must be organized under this chapter, unless incor-

porating under this chapter is prohibited by another statute of this state.

(3) A corporation engaging in an activity that is subject to regulation under another statute of this state may incorporate under this chapter only if incorporating under this chapter is not prohibited by the other statute. The corporation is subject to all the limitations of the other statute. Organizations subject to any provision of the banking or insurance laws of this state may not be organized under this chapter, except that any nonprofit corporation heretofore organized under any act hereby repealed and existing for the purpose of providing health care services as defined in RCW 48.44.010 or 48.46.020, as now or hereafter amended, continues to be organized under this chapter. [2021 c 176 § 1401.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.135 Power to modify purposes. (1) Unless otherwise prohibited by its articles or bylaws, a nonprofit corporation, including a charitable corporation, may modify its purposes by:

(a) Amending its articles or bylaws in accordance with this chapter and with those documents; and

(b) Making provision for any gift restrictions as defined in RCW 24.03A.185, either by ensuring continued adherence to those restrictions or by obtaining modification as provided in RCW 24.03A.190.

(2) A decision to modify the corporation's purposes is subject to judicial review only with respect to violations of this chapter or other applicable law. [2021 c 176 § 1402.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.140 General powers. Unless its articles provide otherwise, every nonprofit corporation has perpetual duration and has the same powers as an individual to do all things necessary or convenient to carry out its affairs including, without limitation, power to:

(1) Sue and be sued, complain[,], and defend in its corporate name;

(2) 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;

(3) Make and amend bylaws and policies, not inconsistent with its articles or with the laws of this state, for managing and regulating the affairs of the corporation;

(4) 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;

(5) Sell, convey, mortgage, pledge, lease, exchange, and otherwise dispose of all or any part of its property;

(6) 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 other entity;

(7) Make contracts; make guarantees that may reasonably be expected to benefit, directly or indirectly, the guarantor corporation; incur liabilities; borrow money; issue notes, bonds, and other obligations; and secure any of its obligations by mortgage or pledge of any of its property or income;

(8) Lend money, invest and reinvest its funds, and receive and hold real and personal property as security for repayment, except as limited by RCW 24.03A.605;

(9) Be a promoter, partner, shareholder, member, trustee, associate, or manager of any partnership, joint venture, trust, or other entity;

(10) Conduct its activities, locate offices, and exercise the powers granted by this chapter within or without this state;

(11) Elect directors and appoint officers, employees, and agents of the corporation, define their duties, fix their compensation, and lend them money and credit, except as limited by RCW 24.03A.605 and 24.03A.610;

(12) Pay pensions and establish pension plans, pension trusts, and benefit or incentive plans for any or all of its current or former directors, officers, employees, and agents, except as limited by RCW 24.03A.610;

(13) Make donations for charitable purposes;

(14) Impose dues, assessments, admission, and transfer fees on its members;

(15) Establish conditions for admission or removal of members, admit or remove members, and issue memberships;

(16) Carry on a business, and, subject to the requirements of RCW 24.03A.155 and 24.03A.610, make net profits and accumulate reserves; and

(17) Make payments or donations, or do any other acts, not inconsistent with law, that further the purposes, activities, and affairs of the corporation. [2021 c 176 § 1403.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.145 Emergency powers. (1) For purposes of this section, an emergency exists if a quorum of the directors cannot readily be assembled because of some catastrophic event. A catastrophic event is a sudden, natural or man-made situation where rapid change or destruction has occurred that has limited normal functions in daily living including communications and travel.

(2) In anticipation of and for the duration of an emergency, the board of a nonprofit corporation may:

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

(b) Take those actions necessary to preserve the corporation and ensure that it acts in accordance with its purposes.

(3) During an emergency, unless the articles or bylaws provide otherwise:

(a) Notice of a meeting of the board need be given only to those directors it is practicable to reach and may be given in any practicable manner;

(b) The quorum required under RCW 24.03A.565 or the articles or bylaws need not be established at such a meeting; and

(c) One or more officers of the nonprofit corporation present at a meeting of the board may be deemed to be directors for purposes of the meeting.

(4) In anticipation of and for the duration of an emergency, any meeting of the membership or of the board of directors may be conducted through one or more means of remote communication through which members or directors not physically present may simultaneously participate with each other during the meeting, notwithstanding any provision

of the articles or bylaws that provides otherwise. A member or director participating in a meeting through such means in anticipation of and for the duration of an emergency is considered present in person at the meeting.

(5) Corporate action taken in good faith during an emergency to further the purposes and the ordinary affairs of the nonprofit corporation:

(a) Binds the corporation; and

(b) May not be used to impose liability on a director, officer, employee, or agent. [2021 c 176 § 1404.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.150 Ultra vires action. (1) Except as provided in subsection (2) of this section, the validity of corporate action may not be challenged on the ground that the nonprofit corporation lacks or lacked power to act.

(2) The power of a nonprofit corporation to act may be challenged:

(a) In a proceeding by the corporation, directly or through a receiver, trustee, or other legal representative, against an incumbent or former director, officer, employee, or agent of the corporation; or

(b) In a proceeding by the attorney general under RCW 24.03A.936. [2021 c 176 § 1405.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.155 Distributions prohibited. (1) A nonprofit corporation shall not distribute any property held for charitable purposes to its members, directors, officers, or other persons who are in a position to exercise substantial influence over the affairs of the corporation, except:

(a) As permitted under RCW 24.03A.160;

(b) To another entity that is a charitable corporation or is organized and operated exclusively for one or more charitable purposes; or

(c) To the federal government, a tribal government, or a state or local government for a public purpose.

(2) A nonprofit corporation shall not pay dividends or make distributions of any part of its assets, income, or profits to its members, directors, officers, or other persons who are in a position to exercise substantial influence over the affairs of the corporation, except as permitted under:

(a) Subsection (1)(b) or (c) of this section;

(b) Subsection (3) of this section;

(c) RCW 24.03A.160; or

(d) RCW 24.03A.906.

(3) A nonprofit corporation other than a charitable corporation may confer benefits upon or make transfers to members or nonmembers in conformity with its purposes, repurchase its memberships only to the extent provided in RCW 24.03A.380, or repay capital contributions, subject to the following conditions:

(a) Property held for charitable purposes may not be used to confer benefits upon or make transfers to members or nonmembers, repurchase memberships, or repay capital contributions;

(b) The nonprofit corporation may not be insolvent, and conferral of benefits, making of transfers, repurchase of memberships, or repayment of capital contributions shall not render the corporation insolvent or unable to carry out its purposes; and

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(c) The fair value of the corporation's assets remaining after the conferring of benefits, making of transfers, repurchase, or repayment must be sufficient to meet the corporation's liabilities. [2021 c 176 § 1406.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.160 Reasonable compensation permitted. A nonprofit corporation, including a charitable corporation, may pay reasonable compensation to members, directors, or officers for services rendered, or reimburse reasonable expenses incurred by members, directors, or officers in connection with services rendered. [2021 c 176 § 1407.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.165 Property held for charitable purposes. (1) Property owned by a nonprofit corporation is held for charitable purposes if:

(a) The corporation is a charitable corporation;

(b) The property is subject to restrictions contained in a gift instrument that limit its use only to one or more charitable purposes; or

(c) The property is subject to restrictions contained in the corporation's articles, bylaws, or any record adopted by the corporation's board, or to other limitations in the form of a record, that limit its use only to one or more charitable purposes.

(2) In no event may property held for charitable purposes be distributed in a manner inconsistent with RCW 24.03A.155, 24.03A.900, or 24.03A.906. [2021 c 176 § 1408.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.170 Debt and security interests. (1) A nonprofit corporation shall not issue bonds or other evidences of indebtedness except for cash or other property, tangible or intangible, or labor or services actually received by or performed for the corporation or for its benefit or in its formation or reorganization, or a combination thereof.

(2) The board may authorize a mortgage or pledge of, or the creation of a security interest in, all or any part of the property of the nonprofit corporation, or any interest therein. Unless otherwise provided in the articles or bylaws, the vote or consent of the members is not required to make effective such an action by the board. [2021 c 176 § 1409.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.175 Private foundations. (1) Except as provided in subsection (2) of this section, a nonprofit corporation that is a private foundation as defined in section 509(a) of the internal revenue code shall:

(a) Distribute sufficient amounts for each taxable year at a time and in a manner so as not to subject the corporation to tax under section 4942 of the internal revenue code;

(b) Not engage in any act of self-dealing as defined in section 4941(d) of the internal revenue code;

(c) Not retain any excess business holdings as defined in section 4943(c) of the internal revenue code;

(d) Not make any investments in a manner that subjects the corporation to tax under section 4944 of the internal revenue code; and

(e) Not make any taxable expenditures as defined in section 4945(d) of the internal revenue code.

(2) Subsection (1) of this section does not apply to a nonprofit corporation incorporated before January 1, 1970, that has been properly relieved from the requirements of section 508(e)(1) of the internal revenue code by a timely judicial proceeding. [2021 c 176 § 1410.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

ARTICLE 5 GIFT RESTRICTIONS

24.03A.180 Unrestricted gifts. Giving a gift to a nonprofit corporation, including a charitable corporation, without a gift instrument transfers complete ownership of the gift to the nonprofit corporation. A restricted gift to a nonprofit corporation is created only by a gift instrument. [2021 c 176 § 1501.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.185 Restricted gifts. (1) This section distinguishes between:

(a) Enforceable trusts held by a nonprofit corporation, including a charitable corporation, governed under chapter 11.110 RCW; and

(b) Gift restrictions whose terms may be enforced and are subject to modification under this chapter or other applicable law.

(2) A gift to a nonprofit corporation, including a charitable corporation, does not create a charitable trust unless:

(a) The donor expresses an intent to create a charitable trust; and

(b) The trustee, which may be a charitable corporation, agrees in the form of a record to act as trustee of that trust according to its terms.

(3) Giving a gift to a nonprofit corporation, including a charitable corporation, that is: (a) Accepted by the corporation; (b) not in trust; and (c) subject to material restrictions or requirements contained in a gift instrument transfers complete ownership to the nonprofit corporation. The nonprofit corporation is bound by the material restrictions or requirements contained in the gift instrument.

(4) A nonprofit corporation complies with a term contained in a gift instrument if the nonprofit corporation reasonably complies with all material restrictions or requirements contained in the term, or, when appropriate under the facts and circumstances, seeks modification in accordance with RCW 24.03A.190.

(5) If the nonprofit corporation fails to comply with any material restriction or requirement contained in a gift instrument and fails to seek a modification in accordance with RCW 24.03A.190, then the attorney general may bring a proceeding to enforce the terms of the gift instrument. [2021 c 176 § 1502.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.190 Modification or release of gift restrictions. (1) A term of a gift instrument that binds a nonprofit corporation may be modified or released, in whole or in part:

(a) If the donor consents in a record;

(b) As set forth in subsection (2) of this section, if the term is unlawful, impracticable, impossible to achieve, or wasteful;

(c) For gift instruments limiting the use of property to one or more charitable purposes, through a binding agreement executed by the nonprofit corporation, the attorney general, and other interested parties, and filed with or approved by the court in accordance with RCW 24.03A.195;

(d) By approval of the court in accordance with RCW 24.03A.200; or

(e) As provided by other applicable law including, but not limited to, chapter 24.55 RCW.

(2) If a nonprofit corporation, including a charitable corporation, determines that a restriction contained in a gift instrument on the management, investment, or purpose of a gift is unlawful, impracticable, impossible to achieve, or wasteful, then the nonprofit corporation, sixty days after notification to the attorney general, may modify the restriction, in whole or part, if:

(a) The gift subject to the restriction has a total value consistent with RCW 24.55.045(4)(a) or any successor provision;

(b) More than twenty years have elapsed since the gift was given; and

(c) The nonprofit corporation uses the gift in a manner consistent with any charitable purposes expressed in the gift instrument.

(3) Application of RCW 24.03A.180 through 24.03A.205 to existing gifts:

(a) Before January 1, 2023, RCW 24.03A.180 through 24.03A.205 apply to gifts existing on December 31, 2021, only if the nonprofit corporation's board elects to apply RCW 24.03A.180 through 24.03A.205 to existing gifts before January 1, 2023.

(b) On or after January 1, 2023, RCW 24.03A.180 through 24.03A.205 apply to all gifts.

(c) As applied to gifts existing on December 31, 2021, RCW 24.03A.180 through 24.03A.205 govern only decisions made or actions taken on or after January 1, 2023, except that in the case of a nonprofit corporation that makes the election under (a) of this subsection RCW 24.03A.180 through 24.03A.205 govern decisions made or actions taken on or after the date the nonprofit corporation elects to be covered by RCW 24.03A.180 through 24.03A.205. [2021 c 176 § 1503.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.195 Binding agreement to modify or release restrictions. (1) If a gift instrument limits the use of the gift to one or more charitable purposes, and the conditions set forth in subsection (3) or (4) of this section are satisfied, then the gift instrument may be modified by agreement of the nonprofit corporation, the attorney general, and all other interested parties.

(2) For purposes of this section, an "interested party" does not include:

(a) The donor; or

(b) Any member of any charitable class that the gift would benefit, either before or after the modifications to be made by the agreement.

(3) A restriction related to a gift's management or investment may be modified by an agreement described in subsection (1) of this section if:

(a) Because of circumstances not anticipated by the donor, modification will further the charitable purpose of the gift;

(b) Enforcement of the restriction has become impracticable or wasteful; or

(c) Enforcement of the restriction impairs the management or investment of the gift.

(4) A restriction on the use of a gift relating to the gift's charitable purpose, rather than its management or investment, may be modified by an agreement described in subsection (1) of this section if the purpose becomes unlawful, impracticable, impossible to achieve, or wasteful.

(5) An agreement described in subsection (1) of this section must:

(a) Be in writing and executed by all of the parties;

(b) Be binding and conclusive on the nonprofit corporation and all other parties with a beneficial interest in the gift;

(c) Identify the gift instrument and the term or terms of the gift instrument that it modifies;

(d) Describe completely the modifications that it would make;

(e) Set forth the reasons why the modifications would comply with subsection (3) or (4) of this section; and

(f) State changes to the charitable purposes to which the use of the gift is limited, if any, resulting from the modifications.

(6) The nonprofit corporation or its legal representative may file the executed agreement with the court within thirty days of the agreement's execution by all parties. Upon filing of the executed agreement with the court:

(a) The agreement becomes effective and equivalent to a final court order binding on the nonprofit corporation and all other parties with a beneficial interest in the use of the gift; and

(b) The modifications are deemed approved by the court, and have the same effect as if the court ordered them pursuant to RCW 24.03A.200.

(7) The nonprofit corporation or its legal representative may, as an alternative to the procedure described in subsection (6) of this section, petition the court for a hearing for presentation of an agreement entered under this section to the court within twenty-one days of the agreement's execution by all parties. The nonprofit corporation shall (a) provide notice of the time and date of the hearing to each party to the agreement unless that party has waived notice in the form of a record, and (b) file proof of mailing or delivery of the notice or waiver with the court. At the hearing, the court shall review the agreement on behalf of all the parties. The court shall determine whether the agreement adequately represents and protects the interests of the parties and the public interest, and enter an order declaring its determination. If the court determines that the agreement does not adequately represent and protect those interests, then the agreement is void. [2021 c 176 § 1504.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.200 Judicial modification or release of restrictions. (1) Upon application by a corporation subject (2022 Ed.)

to a restriction related to a gift's management or investment, rather than to its charitable purpose, the court may modify the restriction if:

(a) Because of circumstances not anticipated by the donor, modification will further the charitable purpose of the gift;

(b) Enforcement of the restriction has become impracticable or wasteful; or

(c) Enforcement of the restriction impairs the management or investment of the gift.

(2) Upon application by a corporation subject to a restriction on the use of a gift relating to the charitable purpose of the gift, rather than its management or investment, the court may modify the restriction if the purpose becomes unlawful, impracticable, impossible to achieve, or wasteful.

(3) If the gift instrument provides for a forfeiture or gift-over to an alternative beneficiary, then the court may modify one or more restrictions under the procedure set out in subsection (1) of this section if a management or investment provision fails. The court may not, however, modify any restriction under the procedure set out in subsection (2) of this section to defeat the interest of an alternate beneficiary unless the beneficiary would also be subject to, and unable to perform, the term requiring modification. The alternative beneficiary is entitled to notice and may participate in the determination of whether to grant modification.

(4) Any modification made by the court must, to the extent possible, be made in a manner consistent with the charitable purposes as expressed in the gift instrument.

(5) A nonprofit corporation shall notify the attorney general whenever it seeks to modify a charitable gift restriction under this section and the court shall offer the attorney general an opportunity to be heard. [2021 c 176 § 1505.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.205 Charitable purpose survives. Modification or release of a gift restriction shall not allow a gift to be used for a purpose other than a charitable purpose. [2021 c 176 § 1506.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

ARTICLE 6 BOOKS AND RECORDS

24.03A.210 Corporate records. (1) A nonprofit corporation shall keep permanently a copy of the following records:

(a) Minutes of all meetings of its members and of its board of directors;

(b) A record of all actions taken by the members and board of directors by unanimous written consent; and

(c) A record of all actions taken on behalf of the corporation by a committee of the board.

(2) A nonprofit corporation shall keep a current copy of the following records:

(a) Its articles of incorporation 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) All communications in the form of a record to members generally within the past six years, including the finan-

cial statements furnished for the past six years under RCW 24.03A.225;

(d) A list of the names and business addresses of its current directors and officers; and

(e) Its most recent annual report delivered to the secretary of state under RCW 24.03A.070.

(3) A nonprofit corporation shall maintain appropriate accounting records.

(4) A membership corporation or its agent shall maintain a record of its members, in a form that permits preparation of a list of the names and addresses of all members, in alphabetical order by class, showing the number of votes each member is entitled to cast.

(5) A nonprofit corporation shall maintain its records in written form or in any other form of a record.

(6) All records required to be maintained by a nonprofit corporation may be maintained at any location within or without this state. [2021 c 176 § 1601.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.215 Inspection by members. (1) A member of a nonprofit corporation may inspect and copy, during regular business hours at a reasonable location specified by the corporation, any of the records the corporation is required to maintain under RCW 24.03A.210(2), if the member delivers to the corporation an executed notice in the form of a record at least five business days before the date on which the member wishes to inspect and copy the records.

(2) Subject to the limitations set forth in subsections (3) and (4) of this section, a member of a nonprofit corporation may 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 member delivers to the corporation an executed notice in the form of a record at least five business days before the date on which the member wishes to inspect and copy the records:

(a) Excerpts from those minutes and records required to be maintained under RCW 24.03A.210(1);

(b) Accounting records of the corporation described in RCW 24.03A.210(3); and

(c) Subject to RCW 24.03A.240, the membership list described in RCW 24.03A.210(4).

(3) A nonprofit corporation may withhold from inspection under this section:

(a) Those portions of records that contain information protected by the attorney-client privilege or related work product;

(b) The address of any member who is known to the corporation to be a participant in the address confidentiality program described in chapter 40.24 RCW or any similar program established by law;

(c) Those portions of records, which, if disclosed, would be reasonably likely to result in harm to the corporation or a third party, such as disciplinary actions involving nondirector members, identities of job applicants, discussions of strategic acquisitions, records that are required to be kept confidential under obligations to a third party, etc.; or

(d) Any information that a nonprofit corporation is required to keep confidential under any other law.

(4) A member may inspect and copy the records described in subsection (2) of this section only if the:

(a) Member's demand is made in good faith and for a proper purpose;

(b) Member describes with reasonable particularity the purpose and the records the member desires to inspect;

(c) Member agrees in the form of a record to reasonable restrictions required by the board on the use or distribution of the records; and

(d) Records are directly connected with this purpose.

(5) The right of inspection granted by this section may not be abolished or limited by a nonprofit corporation's articles or bylaws.

(6) This section does not affect the:

(a) Right of a member to inspect records as part of discovery in connection with litigation; or

(b) Power of any court of competent jurisdiction, independently of this chapter, to compel the production of corporate records for examination. [2021 c 176 § 1602.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.220 Scope of member's inspection right. (1) A member's agent or attorney has the same inspection and copying rights as the member represented.

(2) The right to copy records under RCW 24.03A.215 includes, if reasonable, the right to receive copies. Copies may be provided through electronic transmission unless the member requests otherwise in the form of a record.

(3) The nonprofit corporation may comply with a member's demand to inspect and copy the list of members under RCW 24.03A.215(2)(c) by providing the member for a reasonable charge as described in subsection (4) of this section with a list of members that was compiled no earlier than the date of the member's demand.

(4) The nonprofit corporation shall provide a copy of its articles and bylaws at no cost to a member on request. The nonprofit corporation may impose a reasonable charge, covering the costs of labor and material, for copies of any other documents provided to the member. The charge may not exceed the estimated cost of production, reproduction, or transmission of the records. [2021 c 176 § 1603.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.225 Financial statements for members. (1) Except as provided in the articles or bylaws of a nonprofit corporation engaged in religious activity, upon a demand in the form of a record from a member, a corporation shall furnish that member with its latest annual financial statements, which may be consolidated or combined statements of the corporation and one or more of its subsidiaries, as appropriate, that include a balance sheet as of the end of the fiscal year and a statement of operations for the year. If financial statements are prepared for the corporation on the basis of generally accepted accounting principles, then the annual financial statements must also be prepared on that basis.

(2) If the annual financial statements are reported upon by a certified public accountant, then the accountant's report shall accompany them. If not, then the statements must be accompanied by a statement of the president or the person responsible for the nonprofit corporation's accounting records:

(a) Stating the reasonable belief of the president or other person as to 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 statements prepared for the preceding year. [2021 c 176 § 1604.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.230 Court-ordered inspection. (1) If a nonprofit corporation does not allow a member who complies with RCW 24.03A.215(1) to inspect and copy any records required by that subsection to be available for inspection, then the court may summarily order inspection and copying of the records demanded at the corporation's expense upon application of the member.

(2) If a nonprofit corporation does not within a reasonable time allow a member to inspect and copy any other record to which the member is entitled under RCW 24.03A.215(2), then the member who complies with RCW 24.03A.215 (3) and (4) may apply to the court for an order to permit inspection and copying of the records demanded. The court may inspect the records in question *in camera* and determine the extent of required disclosure, if any, in light of RCW 24.03A.215. In making that determination, the court shall consider the probability and extent of potential harm to the corporation or any third party that may result from inspection, and the probability and extent of benefit to the corporation or the member.

(3) If the court orders inspection and copying of the records demanded, then it shall also order the nonprofit corporation to pay the member's costs, including reasonable attorneys' 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 member to inspect the records demanded. If the court denies the majority of the request for inspection and copying, it may order the member to pay part or all of the nonprofit corporation's costs, including reasonable attorneys' fees.

(4) If the court orders inspection and copying of the records demanded, then it may impose reasonable restrictions on the use or distribution of the records by the demanding member. [2021 c 176 § 1605.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.235 Inspection by directors. (1) A director of a nonprofit corporation may inspect and copy the books, records, and documents of the corporation at any reasonable time to the extent reasonably related to the performance of the director's duties as a director, including duties as a member of a committee, but not for any other purpose or in any manner that would violate any duty to the corporation or law other than this chapter.

(2) The court may order inspection and copying of the books, records, and documents at the corporation's expense, upon application of a director who has been refused the inspection rights set out in subsection (1) of this section, unless the corporation establishes that the director is not entitled to those inspection rights.

(3) If an order is issued, then the court may include provisions protecting the nonprofit corporation from undue burden or expense, and prohibiting the director from using infor-

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mation obtained upon exercise of the inspection rights in a manner that would violate a duty to the corporation, and may also order the corporation to reimburse the director for the director's costs, including reasonable attorneys' fees, incurred in connection with the application. [2021 c 176 § 1606.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.240 Use of membership list. (1) Without the consent of the board, a membership list or any part thereof may not be obtained or used by any person for any purpose unrelated to a member's interest as a member. Without limiting the generality of the foregoing, without the consent of the board, a membership list or any part thereof may not be:

(a) Used to solicit cash or other property unless the cash or other property will be used solely to solicit the votes of the members in an election to be held by the nonprofit corporation;

(b) Used for any commercial purpose; or

(c) Sold to or purchased by any person.

(2) Instead of making a membership list available for inspection and copying under RCW 24.03A.210 through 24.03A.240, a nonprofit corporation may elect to proceed under the procedures set forth in RCW 24.03A.405(6). [2021 c 176 § 1607.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

ARTICLE 7

PUBLIC BENEFIT CORPORATIONS

24.03A.245 Public benefit designation. (1) There is hereby established the special designation of "public benefit nonprofit corporation." A corporation may be designated as a public benefit nonprofit corporation if it meets the following requirements:

(a) The corporation complies with this chapter; and

(b) The corporation is currently recognized by the internal revenue service as an organization described in section 501(c)(3) of the internal revenue code or is exempt from applying for that recognition under section 508(c) of the internal revenue code.

(2) A temporary designation as a public benefit nonprofit corporation may be provided to a corporation that has applied to the internal revenue service for recognition of its status as an organization described in section 501(c)(3) of the internal revenue code. The temporary designation is valid for up to one year and may be renewed at the discretion of the secretary of state.

(3) Designation of a corporation as a public benefit nonprofit corporation does not alter the applicability to the corporation of any other provision of this chapter. [2021 c 176 § 1701.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.250 Application and renewal. (1) The secretary of state shall develop an application process for new and existing corporations to apply for public benefit nonprofit corporation status.

(2) Public benefit nonprofit corporation status must be renewed annually. The secretary of state may schedule renewals in conjunction with the corporation's annual report. [2021 c 176 § 1702.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.255 Removal of status. The secretary of state may remove a corporation's public benefit nonprofit corporation designation if the corporation does not comply with this chapter or the internal revenue service revokes recognition of the corporation's status as an organization described in section 501(c)(3) of the internal revenue code. [2021 c 176 § 1703.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

ARTICLE 8 FOREIGN CORPORATIONS

24.03A.260 Registration to do business. A foreign nonprofit corporation may not do business in this state until it registers with the secretary of state pursuant to chapter 23.95 RCW. [2021 c 176 § 1801.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.265 Effect of registration. (1) A foreign nonprofit corporation with a valid foreign registration statement has the same but no greater rights and has the same but no greater privileges as, and except as provided by this chapter is subject to the same duties, restrictions, penalties, and liabilities now or later imposed on, a domestic nonprofit corporation of like character.

(2) This chapter does not authorize this state to regulate the organization or internal affairs of a registered foreign nonprofit corporation.

(3) For those corporations that have a certificate of authority, are applying for, or intend to apply for a certificate of authority from the insurance commissioner as an insurance company under chapter 48.05 RCW, whenever under this chapter corporate records are required to be delivered to the secretary of state for filing, the records must be delivered to the insurance commissioner rather than the secretary of state. [2021 c 176 § 1802.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.270 Name of foreign nonprofit corporation.

(1) The name of a registered foreign nonprofit corporation, any name reserved by a registered foreign nonprofit corporation, or any alternate name adopted under RCW 23.95.525 is governed by chapter 23.95 RCW.

(2) A foreign nonprofit corporation not registered to do business in this state may register its name, or an alternate name adopted pursuant to RCW 23.95.525, under RCW 23.95.315. [2021 c 176 § 1803.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.275 Registered agent of foreign nonprofit corporation. (1) Each registered foreign nonprofit corporation in this state shall designate and maintain a registered agent in this state.

(2) The designation and maintenance of a foreign nonprofit corporation's registered agent are governed by chapter 23.95 RCW. [2021 c 176 § 1804.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.280 Service on foreign nonprofit corporation.

(1) A registered foreign nonprofit corporation may be served with any process, notice, or demand required or permitted by law by serving its registered agent.

(2) Service upon a registered foreign nonprofit corporation made by serving its registered agent, or service on the registered foreign nonprofit corporation in the absence of a registered agent, is governed by chapter 23.95 RCW. [2021 c 176 § 1805.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.285 Withdrawal of registration. A registered foreign nonprofit corporation may withdraw its registration by delivering a statement of withdrawal to the secretary of state for filing under RCW 23.95.530. [2021 c 176 § 1806.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.290 Withdrawal upon conversion or dissolution. (1) A registered foreign nonprofit corporation that converts to any type of domestic entity automatically is deemed to have withdrawn its registration on the effective date of the conversion.

(2) A registered foreign nonprofit corporation that has dissolved and completed winding up or has converted to a domestic or foreign entity not required to register under chapter 23.95 RCW or other law of this state shall deliver a statement of withdrawal to the secretary of state for filing under RCW 23.95.540.

(3) After the withdrawal of a foreign nonprofit corporation under this section is effective, service of process in any action or proceeding based on a cause of action arising during the time the foreign nonprofit corporation was registered to do business in this state may be made pursuant to RCW 23.95.450. [2021 c 176 § 1807.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.295 Amendment to registration upon conversion. A registered foreign nonprofit corporation that converts to a foreign for-profit corporation or to any form of foreign unincorporated entity that is required to register with the secretary of state to do business in this state shall deliver to the secretary of state for filing an amendment to its foreign registration statement under RCW 23.95.515. [2021 c 176 § 1808.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.300 Transfer of registration. (1) If a registered foreign nonprofit corporation merges into a nonregistered foreign entity or converts to a different type of foreign entity required to register to do business in this state, the foreign entity shall deliver to the secretary of state for filing an application for transfer of registration under RCW 23.95.545.

(2) If a registered foreign nonprofit corporation is a party to a statutory merger permitted by the laws of the jurisdiction where it is incorporated, and the corporation is the surviving corporation, it is not necessary for the corporation to register to do business or to amend its registration unless the corporation's name is changed. [2021 c 176 § 1809.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.305 Termination of registration. The secretary of state may terminate the registration of a registered foreign nonprofit corporation under RCW 23.95.550:

(1) For any reason set forth in RCW 23.95.550(1);

(2) If 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 [nonprofit] corporation is incorporated stating that it has been dissolved or did not survive a merger; or

(3) If the corporation has continued to exceed or abuse the authority conferred upon it by this chapter. [2021 c 176 § 1810.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.310 Judicial review of termination. (1) A foreign nonprofit corporation may appeal the secretary of state's termination of its registration to the superior court of Thurston county within ninety days after service of the statement of termination is perfected. The foreign nonprofit corporation shall appeal by petitioning the court to set aside the termination and attaching to the petition copies of its statement of registration and the secretary of state's statement of termination.

(2) The court may summarily order the secretary of state to reinstate the registration or may take any other action the court considers appropriate.

(3) The court's final decision may be appealed as in other civil proceedings. [2021 c 176 § 1811.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

PART II GOVERNANCE ARTICLE I MEMBERS AND MEMBERSHIPS

24.03A.315 Members. (1) A nonprofit corporation may have one or more classes of members or may have no members.

(2) For corporations formed on or after January 1, 2022, notwithstanding anything to the contrary in the bylaws, where the articles of a nonprofit corporation do not provide that it has members, the nonprofit corporation does not have members.

(3) For organizations formed before January 1, 2022, where the articles of a nonprofit corporation do not provide that it has members, the corporation has members only if the bylaws:

(a) Provide that the corporation has members; and

(b) Provide that members of at least one class have the right to select or vote for the election of directors or delegates or to vote on at least one type of fundamental transaction.

(4) Where a nonprofit corporation does not have members under this section, or where a corporation has no members entitled to vote on a given matter, any provision of this chapter or any other provision of law requiring notice to, the presence of, or the vote, consent, or other action by members in connection with that matter is satisfied by notice to, the presence of, or the vote, consent, or other action by the board. [2021 c 176 § 2101.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

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24.03A.320 Scope of membership. A person is not a member of a nonprofit corporation for purposes of any provision of this chapter unless the person meets the definition of "member" in RCW 24.03A.010, regardless of whether the corporation refers to or designates the person as a member. [2021 c 176 § 2102.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.325 Admission of members. (1) The articles or bylaws of a membership corporation may establish criteria or procedures for admission of members.

(2) A person may not be admitted as a member without the person's consent. Consent may be express or implied and need not be in the form of a record.

(3) If a membership corporation provides certificates of membership to the members, then the certificates shall not be registered or transferable except as provided in the articles or bylaws or by resolution of the board. [2021 c 176 § 2103.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.330 Consideration for admission. Except as provided in its articles or bylaws, a membership corporation may admit members for no consideration or for consideration determined by the board, which may take any form, including promissory notes, intangible property, or past or future services. Payment of the consideration may be made at those times and upon those terms as are set forth in or authorized by the articles, bylaws, or a resolution of the board. [2021 c 176 § 2104.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.335 Capital contributions. (1) A membership corporation that is not a charitable corporation may provide in its articles or bylaws that members, upon or after admission, shall make capital contributions. Except as provided in the articles or bylaws, the board shall fix the amount. The requirement of a capital contribution may apply to all members, or to the members of a single class, or to members of different classes in different amounts or proportions.

(2) The adoption or amendment of a capital contribution requirement, whether or not approved by the members, shall not apply to, or be an obligation of, a member who did not vote in favor of the adoption or amendment until thirty days after the member has been given notice of the adoption or amendment. [2021 c 176 § 2105.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.340 Rights and obligations. (1) The members of a membership corporation have only those rights, privileges, powers, or obligations specifically given or assigned to members in the articles, the bylaws, or RCW 24.03A.450.

(2) A member shall not have the right to vote on any matter unless the articles, the bylaws, or RCW 24.03A.450(1) provides expressly that the class of members to which that member belongs has the right to vote on that particular matter. [2021 c 176 § 2106.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.345 Differences in rights and obligations. (1) Except as provided in the articles or bylaws, each member of a membership corporation has the same rights and obliga-

tions as every other member with respect to voting, dissolution, membership transfer, and other matters.

(2) If the corporation has one or more classes of members, then the designation of the class or classes, the articles, or the bylaws shall set forth the manner of election or appointment and the qualifications and rights of the members of each class. [2021 c 176 § 2107.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.350 Transfers of membership. (1) Except as provided in the articles or bylaws or by resolution of the board, a member of a membership corporation may not transfer a membership or any right arising therefrom.

(2) Where the right to transfer a membership has been provided, a restriction on that right shall not be binding with respect to a member holding a membership issued before the adoption of the restriction unless the affected member consents to the restriction in the form of a record. [2021 c 176 § 2108.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.355 Member's liability for corporate obligations. A member of a membership corporation is not personally liable for the acts, debts, liabilities, or obligations of the corporation. [2021 c 176 § 2109.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.360 Member's liability for dues, fees, and assessments. (1) A membership corporation may levy dues, assessments, and fees on its members to the extent authorized in the articles or bylaws. Particular dues, assessments, and fees may be imposed in the articles or bylaws or by resolution of the board, subject to any membership approval required under RCW 24.03A.695(1), on members of the same class either alike or in different amounts or proportions, and may be imposed on a different basis on different classes of members. Members of a class may be made exempt from dues, assessments, and fees to the extent provided in the articles or bylaws or by resolution of the board.

(2) The amount and method of collection of dues, assessments, and fees may be fixed in the articles or bylaws, or the articles or bylaws may authorize the board or members to fix the amount and method of collection, with or without approval of the class or classes of members affected.

(3) The articles or bylaws may provide reasonable means, such as termination and reinstatement of membership, to enforce the collection of dues, assessments, and fees. [2021 c 176 § 2110.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.365 Creditor's action against member. (1) A proceeding may not be brought by a creditor of a membership corporation to reach the liability, if any, of a member to the corporation unless final judgment has been rendered in favor of the creditor against the corporation and execution has been returned unsatisfied in whole or in part.

(2) All creditors of a membership corporation, with or without reducing their claims to judgment, may intervene in any creditor's proceeding brought under subsection (1) of this section to reach and apply unpaid amounts due the corpora-

tion. Any or all members who owe amounts to the corporation may be joined in the proceeding. [2021 c 176 § 2111.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.370 Resignation of member. (1) A member of a membership corporation may resign at any time.

(2) The resignation of a member does not relieve the member from any obligations incurred or commitments made before resignation. [2021 c 176 § 2112.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.375 Termination and suspension of membership. (1) A membership in a membership corporation may be terminated or suspended for the reasons and in the manner provided in the articles or bylaws.

(2) A membership in a membership corporation may also be terminated, regardless of the procedure set forth in the articles or bylaws, if:

(a) The corporation has had no contact from the member for at least three years; and

(b) Either:

(i) The member fails to respond within ninety days to a request from the corporation to update the member's contact information that includes a statement that failure to respond could result in termination of membership, delivered to that member by means reasonably likely to reach that member; or

(ii) A request from the corporation to update the member's contact information that includes a statement that failure to respond could result in termination of membership, sent to that member by first-class forwardable mail, with postage prepaid, is returned as undeliverable; or

(iii) If members, or a class of members, are not identified individually on the records of the corporation, a request from the corporation for members to provide contact information that includes a statement that failure to respond could result in termination of membership is published once a week for six consecutive weeks in a newspaper of general circulation in the county in which the corporation's principal office is located.

(3) Unless otherwise provided in the articles or bylaws, if the articles or bylaws allow the board or any other body to admit members, the affirmative vote of two-thirds of that body may terminate a member [membership].

(4) Irrespective of anything to the contrary in the articles or bylaws, in any proceeding involving a corporation or upon application from the corporation, the court may order termination of a member [membership] of the corporation in the best interests of the corporation.

(5) A proceeding challenging a termination or suspension for any reason must be commenced within one year after the effective date of the termination or suspension.

(6) The termination or suspension of a member [membership] does not relieve the member from any obligations incurred or commitments made before the termination or suspension. [2021 c 176 § 2113.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.380 Repurchase of memberships. A membership corporation that is not a charitable corporation may repurchase any of its memberships or any right arising therefrom only if it is so provided in the articles or bylaws. A

membership corporation that is a charitable corporation may not repurchase any of its memberships or any right arising therefrom. [2021 c 176 § 2114.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

ARTICLE 2 DELEGATES

24.03A.385 Delegates. (1) A membership corporation may provide in its articles or bylaws for delegates.

(2) The articles or bylaws may set forth provisions relating to:

(a) The characteristics, qualifications, rights, limitations, and obligations of delegates including their selection and removal;

(b) Calling, noticing, holding, and conducting meetings of delegates; and

(c) Carrying on activities during and between meetings of delegates.

(3) If the articles or bylaws provide for delegates, then, unless otherwise provided in the articles or bylaws:

(a) The power to appoint, remove, or modify any provision of the articles or bylaws governing the appointment or removal of delegates is reserved to the members.

(b) All other powers of members including, but not limited to, the right to vote on other amendments to articles or bylaws, may be exercised by delegates. [2021 c 176 § 2201.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

ARTICLE 3 MEMBERSHIP MEETINGS AND VOTING

24.03A.390 Annual and regular meetings. (1) A membership corporation shall hold an annual meeting of members once during each fiscal year at a time stated in or fixed in accordance with the articles or bylaws.

(2) A membership corporation may hold regular meetings on a regional or other basis at times stated in or fixed in accordance with the articles or bylaws.

(3) Except as provided in subsection (5) of this section, annual and regular meetings of the members may be held in or out of this state at the place stated in or fixed in accordance with the articles or bylaws. If no place is stated in or fixed in accordance with the articles or bylaws, then annual and regular meetings shall be held at the membership corporation's principal office.

(4) The failure to hold an annual or regular meeting at the time stated in or fixed in accordance with the articles or bylaws does not affect the validity of any corporate action.

(5) The articles or bylaws may provide that an annual or regular meeting of members may be held in a specified location and, if so provided under the articles or bylaws, through one or more means of remote communication through which members not physically present may participate in the meeting substantially concurrently, vote on matters submitted to the members, pose questions, and make comments. For any meeting at which one or more members may participate by means of remote communication, the corporation shall deliver notice of the meeting to each member by a means which the member has authorized and provide complete

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instructions for participating in the meeting by remote communication. [2021 c 176 § 2301.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.395 Special meetings. (1) A membership corporation shall hold a special meeting of members:

(a) At the call of its board of directors, the president, or the persons authorized to do so by the articles or bylaws; or

(b) Upon the execution and delivery to the corporation of one or more demands for a special meeting, in the form of a record, describing the purpose for which the meeting is to be held, by either:

(i) The number or proportion of members entitled under the articles or bylaws to call a meeting on the subject matter proposed to be considered at the proposed special meeting, which shall not represent more than twenty-five percent of all the votes entitled to be cast on that subject matter; or

(ii) In the absence of a provision fixing the number or proportion of members entitled to call a meeting, the number or proportion of members representing five percent of all the votes entitled to be cast on the subject matter proposed to be considered at the proposed special meeting.

(2) Unless otherwise provided in the articles or bylaws, a demand for a special meeting may be revoked by notice to that effect received by the membership corporation from the members calling the meeting before the receipt by the corporation of demands sufficient in number to require the holding of a special meeting.

(3) If not otherwise fixed under RCW 24.03A.400 or 24.03A.420, the record date for determining members entitled to demand a special meeting is the date the first member executes a demand.

(4) Only business within the purpose or purposes described in the meeting notice required by RCW 24.03A.410(3) may be conducted at a special meeting of the members.

(5) Except as provided in subsection (6) of this section, special meetings of the members may be held in or out of this state at the place stated in or fixed in accordance with the articles or bylaws. If no place is stated or fixed in accordance with the articles or bylaws, then special meetings shall be held at the corporation's principal office.

(6) The articles or bylaws may provide that a special meeting of members be held at a specified location and, unless otherwise provided under the articles or bylaws, through means of remote communication through which members not physically present may participate in the meeting substantially concurrently, vote on matters submitted to the members, pose questions, and make comments. Notice of meetings at which one or more members may participate by means of remote communication must be delivered by a means which the member has authorized and provide complete instructions for participating in the meeting from a remote location. [2021 c 176 § 2302.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.400 Court-ordered meeting. (1) The court may summarily order a meeting to be held:

(a) On application of any member entitled to participate in an annual or regular meeting if an annual meeting was not held within eighteen months after the last annual meeting; or

(b) On application of a member who executed a demand for a special meeting under RCW 24.03A.395 that was executed by a sufficient number of members to call a meeting, 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 fix the time and place of a court-ordered meeting, determine the members entitled to participate in the meeting, specify a record date for determining members entitled to notice of and to vote at the meeting, prescribe the 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 court-ordered meeting. [2021 c 176 § 2303.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.405 List of members for meeting. (1) After fixing a record date for a meeting, a membership corporation shall prepare an alphabetical list of the names of all its members who are entitled to notice of that meeting of the members. The list of members shall show the address of and number of votes each member is entitled to cast at the meeting, except that the address of any member who is known to the corporation to be a participant in the address confidentiality program described in chapter 40.24 RCW or any similar law may be omitted.

(2) The list of members must be available for inspection by any member, beginning two business days after notice of the meeting is given for which the list was prepared and continuing through the meeting, at the membership corporation's principal office or at a place identified in the meeting notice in the city where the meeting will be held. A member or the member's agent, on demand in the form of a record, may inspect and, subject to the requirements of RCW 24.03A.215(4), copy the list, during regular business hours and at the member's expense, during the period it is available for inspection.

(3) The membership corporation shall make the list of members available at the meeting, and a member or the member's agent may inspect the list at any time during the meeting or any adjournment.

(4) If a membership corporation refuses to allow a member or the member's agent to inspect the list of members before or at the meeting or copy the list as permitted by subsection (2) of this section, then the court, on application of the member, may:

(a) Summarily order the inspection or copying at the corporation's expense;

(b) Postpone the meeting for which the list was prepared until the inspection or copying is complete;

(c) Order the corporation to pay the member's costs including reasonable attorneys' fees incurred to obtain the order; and

(d) Order other appropriate relief.

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

(6) Instead of making the list of members available as provided in subsection (2) of this section, a membership corporation may state in a notice of meeting that the corporation has elected to proceed under this subsection. A member of a corporation that has elected to proceed under this subsection shall state in the member's demand for inspection a proper purpose for inspection. Within ten business days after receiving a demand under this subsection, the corporation shall deliver to the member making the demand an offer of a reasonable alternative method of achieving the purpose identified in the demand without providing access to or a copy of the list of members. An alternative method that reasonably and in a timely manner accomplishes the proper purpose set forth in the demand relieves the corporation from making the list of members available under subsection (4)(b) of this section, unless within a reasonable time after acceptance of the offer the corporation fails to do the things it offered to do. Any rejection of the corporation's offer must be in the form of a record and indicate the reasons the alternative proposed by the corporation does not meet the proper purpose of the demand. [2021 c 176 § 2304.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.410 Notice of membership meeting. (1) A membership corporation shall give notice to the members of the date, time, and place of each annual, regular, or special meeting of the members. Except as provided under subsection (6) of this section, the notice must be given in the form of a record no fewer than ten nor more than sixty days before the meeting date. Except as provided in this chapter, the articles, or the bylaws, the corporation is only required to give notice to members entitled to vote at the meeting.

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

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

(4) If not otherwise fixed under RCW 24.03A.400 or 24.03A.420, the record date for determining members entitled to notice of and to vote at an annual or special meeting of the members is the day before the first notice is given to members.

(5) Unless the articles or bylaws require otherwise, if an annual, regular, or special meeting of the members 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 is required to be fixed under RCW 24.03A.420, then the corporation shall give notice of the adjourned meeting to the members entitled to vote on the new record date.

(6) Notice of regular meetings other than the annual meeting may be made by providing each member with the adopted schedule of regular meetings for the ensuing year in the form of a record at any time after the annual meeting and ten days before the next succeeding regular meeting and at any time requested by a member or by any other notice prescribed by the bylaws.

(7) Whenever notice would otherwise be required to be given under any provision of this chapter to a member, the

notice need not be given if notice of two consecutive annual meetings, and all notices of meetings during the period between those two consecutive annual meetings, have been returned undeliverable or could not be delivered. If a member delivers to the nonprofit corporation a notice setting forth the member's then current address, then the requirement that notice be given to that member is reinstated. [2021 c 176 § 2305.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.415 Waiver of notice. (1) A member may waive any notice required by this chapter, the articles, or the bylaws no more than sixty days before or sixty days after the date and time stated in the notice or of the meeting or action. The waiver must be in the form of a record, be executed by the member entitled to the notice, and be delivered to the membership corporation for inclusion in the minutes or filing with the corporate records.

(2) The attendance of a member at a meeting:

(a) Waives objection to lack of notice or defective notice of the meeting, unless the member at the beginning of the meeting or immediately upon arrival at the meeting objects to holding the meeting or transacting business at the meeting; and

(b) Waives objection to consideration of a particular matter at the meeting that is not within the purpose described in the meeting notice, unless the member objects at the meeting to considering the matter. [2021 c 176 § 2306.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.420 Record date. (1) The articles or bylaws may fix or provide the manner of fixing the record date to determine the members entitled to notice of a meeting of the members, to demand a special meeting, to vote, or to take any other action. If the articles or bylaws do not fix or provide for fixing a record date, then the board of the membership corporation may fix a future date as the record date.

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

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

(4) If the court orders a meeting adjourned to a date more than one hundred twenty days after the date fixed for the original meeting, then it may provide that the original record date continues in effect or it may fix a new record date. [2021 c 176 § 2307.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.425 Conduct of meeting. (1) At each meeting of members, an individual shall preside as chair. The chair is appointed and may be removed:

(a) As provided in the articles or bylaws;

(b) In the absence of a provision in the articles or bylaws, by the board; or

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(c) In the absence of both a provision in the articles or bylaws and an appointment by the board, by the members at the meeting.

(2) Except as provided in the articles or bylaws or by resolution of the board, the chair determines the order of business and has the authority to establish rules for the order and conduct of the meeting.

(3) Any rules established for the order and conduct of the meeting pursuant to subsection (2) of this section must be fair to the members.

(4) Except as provided in the articles or bylaws or by resolution of the board:

(a) The chair of the meeting shall announce at the meeting when the polls close for each matter voted upon.

(b) If no announcement is made, then the polls are deemed to have closed upon the final adjournment of the meeting.

(c) After the polls close, no ballots, proxies, or votes, nor any otherwise permissible revocations or changes thereto may be accepted. [2021 c 176 § 2308.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.430 Proxies. (1) Except as provided in the articles or bylaws, a member may not vote by proxy.

(2) If the articles or bylaws allow members to vote by proxy, then the following procedure applies unless the articles or bylaws provide otherwise:

(a) A member or the member's agent or attorney-in-fact may appoint a proxy to vote or otherwise act for the member by executing an appointment form in the form of a record. An appointment form must contain or be accompanied by information from which it can be determined that the member or the member's agent or attorney-in-fact authorized the appointment of the proxy.

(b) An appointment of a proxy is effective when an executed appointment in the form of a record is received by the inspectors of election, the officer or agent of the membership corporation authorized to tabulate votes, or the secretary. An appointment is valid for eleven months unless a shorter or longer period is expressly provided in the appointment form.

(c) The death or incapacity of the member appointing a proxy does not affect the right of the membership corporation to accept the proxy's authority unless notice of the death or incapacity is received by the inspectors of election, the officer or agent authorized to tabulate votes, or the secretary before the proxy exercises his or her authority under the appointment.

(d) A membership corporation may accept the proxy's vote or other action as that of the member making the appointment, subject to RCW 24.03A.455 and to any express limitation on the proxy's authority stated in the appointment form.

(e) A proxy may be revoked by a member by delivering notice in the form of a record to the corporation before the corporation has relied upon the proxy. [2021 c 176 § 2309.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.435 Voting entitlement of members. Except as provided in the articles or bylaws, each member is entitled to one vote on each matter on which the articles or bylaws

entitle the members of the class of members to which the member belongs to vote. [2021 c 176 § 2310.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.440 Membership quorum and voting requirements. (1) Members may take action at a meeting on matters with respect to which all of the members are entitled to vote only if a quorum of the members is present. Except as provided in the articles or the bylaws, ten percent of the votes entitled to be cast at a meeting of the members constitutes a quorum with respect to those matters.

(2) Members entitled to vote as a separate voting group may take action on a matter at a meeting only if a quorum of those members is present with respect to that matter. Except as provided in the articles or bylaws, ten percent 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.

(3) Once a member is represented for any purpose at a meeting, the member 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 is required to be set for that adjourned meeting.

(4) If a quorum is present, then action on a matter other than the 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 the articles, bylaws, or applicable law require a greater number of affirmative votes.

(5) An amendment of the articles or bylaws adding, changing, or deleting a quorum or voting requirement for a voting group greater than specified in subsection (2) or (4) of this section is governed by RCW 24.03A.445.

(6) If a meeting cannot be organized because a quorum of members entitled to vote is not present, then those members present may adjourn the meeting to such a time and place as they may determine. When a meeting that has been adjourned for lack of a quorum is reconvened, those members present, although less than a quorum as fixed in this section, the articles, or the bylaws, nonetheless constitute a quorum, if notice of the time and place of the reconvened meeting is provided by electronic transmission or in person to the members entitled to vote at least twenty-four hours before the reconvened meeting, or by other methods pursuant to the requirements and procedures set forth in RCW 24.03A.410. The articles or the bylaws may, however, permit the reconvening of a meeting without notice, by means of a provision that makes explicit reference to elimination of the notice requirement that would otherwise apply under this section.

(7) The election of directors is governed by RCW 24.03A.450. [2021 c 176 § 2311.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.445 Differing quorum and voting requirements. (1) The articles or bylaws may provide for a higher or lower quorum or higher voting requirement for members or voting groups of members than is provided for by this chapter, either generally or with respect to specific matters.

(2) An amendment to the articles or bylaws that adds, changes, or deletes a greater 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. [2021 c 176 § 2312.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.450 Voting for directors. (1) Except as provided in the articles or bylaws, directors of a membership corporation are elected by a plurality of the votes cast by the members entitled to vote in the election at a meeting at which a quorum is present.

(2) Except as provided in the articles or bylaws, or under subsection (3) of this section, members do not have a right to cumulate their votes for directors.

(3) Members of a nonprofit corporation who were entitled to cumulate their votes for the election of directors on January 1, 2022, continue to be entitled to cumulate their votes for the election of directors until otherwise provided in the articles or bylaws of the corporation. [2021 c 176 § 2313.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.455 Acceptance of ballots, consents, waivers, or proxies. (1) If the name signed on a ballot, consent, waiver, or proxy appointment corresponds to the name of a member, then the membership corporation if acting in good faith may accept the ballot, consent, waiver, or proxy appointment and give it effect as the act of the member.

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

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

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

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

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

(e) Two or more persons are the member 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 membership corporation may reject a ballot, 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 member.

(4) The membership corporation and its officer or agent who accepts or rejects a ballot, consent, waiver, or proxy appointment in good faith and in accordance with the standards of this section or RCW 24.03A.430(2) are not liable in damages to the member for the consequences of the acceptance or rejection.

(5) Corporate action based on the acceptance or rejection of a ballot, consent, waiver, or proxy appointment under this section is valid unless the court determines otherwise. [2021 c 176 § 2314.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.460 Inspectors of election. (1) A membership corporation may appoint one or more inspectors to act at a meeting of members and make a report in the form of a record of the inspectors' determinations. Each inspector shall execute the duties of inspector impartially and according to the best of the inspector's ability.

(2) The inspectors must:

(a) Ascertain the number of members and delegates, and their voting power;

(b) Determine the members and delegates present at a meeting;

(c) Determine the validity of proxies and ballots;

(d) Count all votes; and

(e) Determine the result.

(3) An inspector may, but need not, be a director, member, officer, or employee of the membership corporation. A person who is a candidate for office to be filled at the meeting may not be an inspector. [2021 c 176 § 2315.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.465 Action by voting groups. (1) If this chapter, the articles, or the bylaws provide for voting by a single voting group on a matter, then action on that matter is taken when voted upon by that voting group as provided in RCW 24.03A.440 or 24.03A.475.

(2) If this chapter, the articles, or the bylaws provide for voting by two or more voting groups on a matter, then action on that matter is taken only when voted upon by each of those voting groups counted separately as provided in RCW 24.03A.440 or 24.03A.475. [2021 c 176 § 2316.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.470 Voting agreements. (1) If the articles or bylaws allow voting agreements, then two or more members may provide for the manner in which they will vote by executing an agreement in the form of a record for that purpose, to the extent allowed under the articles or bylaws.

(2) A voting agreement is specifically enforceable if:

(a) The voting agreement is allowed under the articles or bylaws; or

(b) The effective date of the voting agreement is before January 1, 2022.

(3) Notwithstanding subsection (2) of this section, no voting agreement is enforceable to the extent that enforcement of the agreement would violate the purposes of the membership corporation. [2021 c 176 § 2317.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

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24.03A.475 Action without meeting by unanimous written consent. (1) Except as provided in the articles or bylaws, action required or permitted by this chapter to be taken at a meeting of the members may be taken without a meeting if the action is taken by all the members entitled to vote on the action. The action must be evidenced by one or more consents in the form of a record bearing the date of execution and describing the action taken, executed by all the members entitled to vote on the action, and delivered to the membership corporation for inclusion in the minutes or filing with the corporate records.

(2) If not otherwise fixed under RCW 24.03A.400 or 24.03A.420, the record date for determining members entitled to take action without a meeting is the date the first member executes the consent under subsection (1) of this section. A consent shall not be effective to take the corporate action referred to therein unless, within sixty days after the earliest date appearing on a consent delivered to the membership corporation in the manner required by this section, consents executed by all members entitled to vote on the action are received by the corporation. A consent may be revoked by an executed notice in the form of a record to that effect received by the corporation before receipt by the corporation of unrevoked consents sufficient in number to take corporate action.

(3) A consent executed under this section has the same force and effect as a unanimous vote at a meeting duly called and held, and may be described as such.

(4) If this chapter, the articles, or the bylaws require that prior notice of any proposed action be given to members not entitled to vote on the action and the action is to be taken by consent of the members entitled to vote, then the membership corporation shall deliver to the members not entitled to vote notice of the proposed action at least ten days before taking the action by consent. The notice must contain or be accompanied by the same material that would have been required to be delivered to members not entitled to vote in a notice of meeting at which the proposed action would have been submitted to the members for action. [2021 c 176 § 2318.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.480 Action without meeting by ballot. (1) Except as otherwise restricted by the articles or bylaws, any action that may be taken at any annual, regular, or special meeting of members may be taken without a meeting if the membership corporation delivers a ballot to every member entitled to vote on the matter.

(2) A ballot must:

(a) Be in the form of a record;

(b) Set forth each proposed action;

(c) Provide an opportunity to vote, or withhold a vote, separately for each candidate for a director position; and

(d) Provide an opportunity to vote for or against each other proposed action.

(3) Approval by ballot pursuant to this section of action other than election of directors is valid only when the number of ballots returned equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

(4) All requests for votes by ballot must:

(a) Indicate the number of responses needed to meet the quorum requirements;

(b) State the percentage of approvals necessary to approve each matter other than election of directors; and

(c) Specify the time by which a ballot must be received by the membership corporation to be counted, which shall not be less than ten days after the ballot is delivered to the member.

(5) Except as provided in the articles or bylaws, a ballot may not be revoked. [2021 c 176 § 2319.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.485 Procedure for remote meetings. When provided for in the articles or bylaws, meetings of the members held by remote communication must follow the provisions of RCW 24.03A.390 through 24.03A.480 to the greatest practicable extent. [2021 c 176 § 2320.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

ARTICLE 4 BOARD OF DIRECTORS

24.03A.490 Board of directors—Authority. (1) A nonprofit corporation shall have a board of directors.

(2) All corporate powers shall be exercised by or under the authority of the board of directors, and the activities and affairs of the corporation shall be managed by or under the direction, and subject to the oversight, of the board of directors, subject only to any powers expressly reserved to the corporation's membership or other persons in the articles or bylaws. [2021 c 176 § 2401.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.495 Standards of conduct for directors. (1) Each director, when discharging the duties of a director, shall act:

(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 nonprofit corporation.

(2) In discharging board or committee duties a director shall disclose, or cause to be disclosed, to the other board or committee members information not already known by them but known by the director to be material to the discharge of their decision-making or oversight functions, except that disclosure is not required to the extent that the director reasonably believes that doing so would violate a duty imposed by law, a legally enforceable obligation of confidentiality, or a professional ethics rule.

(3) In discharging the duties of a director, a director may rely on information, opinions, reports, or statements, including financial statements or other financial data, if prepared or presented by:

(a) One or more officers, employees, or volunteers of the nonprofit corporation whom the director reasonably believes to be reliable and competent in the functions performed or the matters presented;

(b) Legal counsel, public accountants, or other persons retained by the corporation as to matters involving skills or expertise the director reasonably believes are matters:

(i) Within the particular person's professional or expert competence; or

(ii) As to which the particular person merits confidence; or

(c) A committee of the board of which the director is not a member, designated in accordance with provisions of the articles or bylaws, as to matters within its designated authority, if the director reasonably believes the committee merits confidence.

(4) A director is not a trustee with respect to the nonprofit corporation or with respect to any property held or administered by the corporation, including property that may be subject to restrictions imposed by the donor or transferor of the property. [2021 c 176 § 2402.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.500 Qualification of directors. A director of a nonprofit corporation must be an individual. The articles or bylaws may prescribe other qualifications for directors. A director need not be a resident of this state or a member of the corporation unless the articles or bylaws so prescribe. [2021 c 176 § 2403.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.505 Number of directors. (1) A board of directors shall consist of one or more directors, with the number specified in or fixed in accordance with the articles or bylaws.

(2) The board of directors of any corporation shall consist of three or more directors if:

(a) The internal revenue service has determined the corporation to be a public charity described in section 509(a)(1) through (4) of the internal revenue code;

(b) The corporation has applied to the internal revenue service for a determination of exempt status through an application representing that the corporation is described in section 509(a)(1) through (4) of the internal revenue code; or

(c) The corporation has applied to the internal revenue service for classification as an organization described in section 509(a)(1) through (4) of the internal revenue code.

(3) The number of directors on a board of directors who are under 18 years of age may not exceed three or one-third of the total number of directors then in office, whichever is fewer.

(4) A corporation described in subsection (2) of this section may have fewer than three directors if the death, incapacity, resignation, or removal of a director causes the corporation to have fewer than three directors, provided that the entity, body, or person with the power to elect or appoint directors makes reasonable and prompt efforts to elect or appoint additional directors.

(5) The number of directors may be increased or decreased but to no fewer than one from time to time by amendment to, or in the manner provided in, the articles or bylaws.

(6) A decrease in the number of directors may not shorten an incumbent director's term. [2021 c 176 § 2404.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.510 Selection of directors. (1) The members of a membership corporation shall elect the directors, other than the initial directors named in the articles, at the annual meetings of members, unless the articles or bylaws provide some other time or method of election, or provide that some other person or persons shall appoint some or all of the directors, or designate some other manner of appointment, for example, ex officio directors.

(2) The directors of a nonmembership corporation shall elect the directors, other than the initial directors named in the articles, at the annual meeting of directors, unless the articles or bylaws provide some other time or method of election, or provide that some other person or persons shall appoint some or all of the directors, or designate some other manner of appointment, for example, ex officio directors. [2021 c 176 § 2405.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.515 Terms of directors, generally. (1) The articles or bylaws may specify the terms of directors. If a term is not specified in the articles or bylaws, then the term of a director is one year. Each term of a director elected by the members or directors, or by some other method provided in the articles or bylaws, may not exceed five years except as provided in subsection (2) of this section. Terms of directors appointed by some other person or persons, or designated in some other manner, may be of any length.

(2) For a corporation formed before January 1, 2022, if the articles or bylaws current as of January 1, 2022, provided for terms of elected directors longer than five years, then the terms for elected directors provided in those articles or bylaws may continue in effect until and unless the articles or bylaws are amended to shorten those terms.

(3) The initial directors named in the articles hold office until the first annual election of directors or for any other period specified in the articles.

(4) A reduction in directors' terms of office does not shorten an incumbent director's term.

(5) Except as provided in the articles or bylaws, the term of a director elected to fill a vacancy expires at the end of the unexpired term that the director is filling.

(6) Despite the expiration of a director's term, the director continues to serve until the director's successor is elected, appointed, or designated and until the director's successor takes office, unless otherwise provided in the articles or bylaws. [2021 c 176 § 2406.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.520 Staggered terms for directors. The articles or bylaws may provide for staggering the terms of directors by dividing the total number of directors into groups of one or more directors. The terms of office and number of directors in each group do not need to be uniform. [2021 c 176 § 2407.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.525 Resignation of director. (1) A director may resign at any time by delivering an executed notice in the form of a record to the president, the secretary of the corporation, or another officer designated for that purpose in the arti-

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cles or bylaws. A director may also resign by giving oral notice to the board at a meeting of the board.

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

(3) If the resignation of a director of a charitable corporation results in the charitable corporation having no directors in office, then the resigning director shall notify the attorney general that the charitable corporation has no directors in office. Such notice must be in the form of a record delivered to the attorney general within ten calendar days after the effective date of the director's resignation. [2021 c 176 § 2408.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.530 Removal of directors. (1) Removal of directors of a membership corporation is subject to the following provisions:

(a) The members may remove, with or without cause, one or more directors who have been elected by the members, unless the articles or bylaws provide that directors may be removed only for cause. The articles or bylaws may specify what constitutes cause for removal.

(b) The board of a membership corporation may not remove a director who has been elected by the members except as provided in subsection (5) of this section or in the articles or bylaws.

(c) The directors may remove, with or without cause, one or more directors who have been elected by the directors, unless the articles or bylaws provide that directors may be removed only for cause. The articles or bylaws may specify what constitutes cause for removal.

(d) Except as provided in the articles or bylaws, if a director is elected by a voting group of members, or by a chapter or other organizational unit, or by a region or other geographic grouping, then only the members of that voting group or chapter, unit, region, or grouping may participate in the vote to remove the director.

(e) The notice of a meeting of members at which removal of a director is to be considered shall state that the purpose, or one of the purposes, of the meeting is removal of the director.

(2) The board may remove a director of a nonmembership corporation who was elected by the directors:

(a) With or without cause, unless the articles or bylaws provide that directors may be removed only for cause. The articles or bylaws may specify what constitutes cause for removal;

(b) A nonprofit corporation shall give notice of any meeting of directors at which removal of a director is to be considered in accordance with the articles or bylaws governing notice for special meetings, but in no event less than forty-eight hours before the meeting. Such notice shall state that the purpose, or one of the purposes, of the meeting is removal of a director;

(c) As provided in subsection (5) of this section.

(3) A director who is designated by name in the articles or bylaws may be removed by an amendment to the articles or bylaws deleting or changing the designation.

(4) Except as provided in the articles or bylaws, a director who is appointed by persons other than the members or

the directors may be removed with or without cause only by those persons.

(5) Notwithstanding anything else to the contrary in this section or the articles or bylaws, the board of a membership corporation or nonmembership corporation may remove a director:

(a) Who has been appointed a guardian under RCW 11.130.185 or 11.130.265;

(b) Who has been appointed a conservator under RCW 11.130.360;

(c) Who is subject to a written certification by his or her attending physician that in the physician's opinion the director is substantially unable to manage his or her financial resources or resist fraud or undue influence;

(d) Who has been convicted of a felony;

(e) Who has been found by a final order of any court of competent jurisdiction to have breached a duty as a director under RCW 24.03A.495;

(f) Who has missed the number of board meetings specified in the articles or bylaws, if the articles or bylaws at the beginning of the director's current term provided that a director may be removed for missing the specified number of board meetings; or

(g) Who does not satisfy any of the qualifications for directors set forth in the articles or bylaws at the beginning of the director's current term, if the decision that the director fails to satisfy a qualification is made by the vote of a majority of the directors who meet all of the required qualifications.

(6) Notwithstanding anything else to the contrary in this section or the articles or bylaws, the board of a charitable corporation that is a membership corporation or a nonmembership corporation may remove a director if the director's continued service would cause the charitable corporation to be prohibited from soliciting charitable funds under RCW 19.09.100(13). [2021 c 176 § 2409.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.535 Vacancy on board of directors. (1) Except as provided in subsection (2) of this section, the articles, or the bylaws, if a vacancy occurs on the board, including a vacancy resulting from an increase in the number of directors, then the vacancy may be filled by a majority of the directors remaining in office even if they constitute less than a quorum. For purposes of RCW 24.03A.530, any director so elected is deemed to have been elected by the members, voting group, or persons who would elect that director at a regular election.

(2) Except as provided in the articles or bylaws, a vacancy in the position of a director who is:

(a) Appointed by persons other than the members, may be filled only by those persons; or

(b) Designated by name in the articles or bylaws, may not be filled by action of the board.

(3) A vacancy that will occur at a specific later time, by reason of a resignation effective at a later time under RCW 24.03A.525(2), or otherwise, may be filled before the vacancy occurs but the new director may not take office until the vacancy occurs.

(4) If no directors remain in office, and there are no members with the right to elect directors, then the attorney

general has the power to appoint one or more directors selected for their interest and ability to carry out the purposes of the corporation, unless the articles or bylaws provide a different method for electing, appointing, or designating at least one director. [2021 c 176 § 2410.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.540 Liability of directors. (1) A director of a nonprofit corporation is not liable to the nonprofit corporation for any action taken, or any failure to take any action, as a director, except as provided in subsection (2) or (3) of this section or in the articles or bylaws.

(2) Notwithstanding any provision to the contrary in the articles or bylaws, a director is liable to the corporation for:

(a) The value of any benefit in cash, other property, or services received by the director to which the director is not legally entitled; or

(b) Intentional misconduct or a knowing violation of law, including but not limited to criminal law or this chapter, by the director.

(3) A director is liable to the corporation for a violation of any additional standard of conduct specified in the nonprofit corporation's articles as an exception to the limitation on [the] director's liability.

(4) A director of a nonprofit corporation is not liable to any member of the nonprofit corporation for any action taken, or any failure to take action, as a director, except as provided in subsection (5) of this section.

(5) A director is liable to a member of the corporation only for:

(a) A knowing infliction of harm upon the member; or

(b) An intentional violation of criminal law or this chapter that results in harm or loss to the member.

(6) The party seeking to establish the director's liability to the corporation or any member of the corporation:

(a) For money damages, also has the burden of establishing that:

(i) Harm to the nonprofit corporation or its members has been suffered; and

(ii) The harm suffered was proximately caused by the director's challenged conduct; or

(b) For other money payment under a legal remedy, such as compensation for the unauthorized use of corporate assets, also has whatever burden of persuasion may be called for to establish that the payment sought is appropriate in the circumstances; or

(c) For other money payment under an equitable remedy, such as profit recovery by or disgorgement to the corporation, also has whatever burden of persuasion may be called for to establish that the equitable remedy sought is appropriate in the circumstances.

(7) Nothing contained in this section:

(a) In any instance where fairness is at issue, such as consideration of the fairness of a transaction to the nonprofit corporation under RCW 24.03A.615(1)(c), alters the burden of proving the fact or lack of fairness otherwise applicable;

(b) Alters the fact or lack of liability of a director to the nonprofit corporation under another section of this chapter, such as the provisions governing the consequences of an unlawful distribution under RCW 24.03A.610 a conflicting

interest transaction under RCW 24.03A.615, or taking advantage of a business opportunity under RCW 24.03A.620;

(c) Affects any rights to which the corporation or a director or member may be entitled under another statute of this state or the United States; or

(d) Affects the authority of the attorney general to take any action against a director under this chapter or other applicable Washington state law. [2021 c 176 § 2411.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.545 Compensation of directors. Unless the articles or bylaws provide otherwise, the board may fix the compensation of directors. [2021 c 176 § 2412.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

ARTICLE 5

MEETINGS AND ACTION OF THE BOARD

24.03A.550 Meetings of the board. (1) The board may hold regular or special meetings in or out of this state.

(2) Unless the articles or bylaws provide otherwise, the board may permit any or all directors to participate in a regular or special meeting by, or conduct the meeting through the use of, one or more means of remote communication through which all of the directors may simultaneously participate with each other during the meeting. A director participating in a meeting by this means is considered present in person at the meeting. For any meeting at which one or more directors may participate by means of remote communication, notice of the meeting must be delivered to each director by a means which the director has authorized and provide complete instructions for participating in the meeting by remote communication. [2021 c 176 § 2501.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.555 Notice of board meetings. (1) Regular meetings of the board may be held with or without notice as prescribed in the articles or bylaws, unless notice is required by RCW 24.03A.530(2) or other provisions of this chapter.

(2) Unless the articles or bylaws provide for a longer or shorter period, special meetings of the board must be preceded by at least forty-eight hours' notice of the date, time, and place of the meeting. The notice need not describe the purpose of the special meeting, except as required by RCW 24.03A.530(2), other provisions of this chapter, or the articles or bylaws.

(3) Unless the articles or bylaws provide otherwise, the president, the secretary, or twenty percent of the directors then in office may call and give, or cause to be given, notice of a meeting of the board.

(4) Oral notice of meetings of the board may be given, unless oral notice is not permitted by a corporation's articles or bylaws. [2021 c 176 § 2502.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.560 Waiver of notice. (1) A director may waive any notice required by this chapter, the articles, or the bylaws before or after the date and time stated in the notice. Except as provided by subsection (2) of this section, the waiver must be in the form of a record, executed by the direc-

tor entitled to the notice, and filed with the minutes or 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 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. [2021 c 176 § 2503.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.565 Board quorum and voting requirements.

(1) Except as provided in subsection (2) or (3) of this section, the articles, or the bylaws, a quorum of the board consists of a majority of the directors in office before a meeting begins.

(2) The articles or bylaws may authorize a quorum of the board to consist of no fewer than one-third of the number of directors in office.

(3) A quorum shall not be present at any time during a meeting unless a majority of the directors present are at least 18 years of age.

(4) If a quorum is present when a vote is taken, then the affirmative vote of a majority of directors present is the act of the board unless a greater vote is required by the articles or bylaws or this chapter.

(5) No proxy for a director, however appointed, may:

(a) Participate in any vote of the board or of any board committee;

(b) Be counted for the purpose of determining whether a quorum is present at a meeting; or

(c) Execute any written consent on behalf of the director.

(6) A director who is present at a meeting of the board when corporate action is taken is considered to have assented to the action taken unless:

(a) The director objects at the beginning of the meeting or promptly upon arrival to holding it or transacting business at the meeting;

(b) The director dissents or abstains from the action; or

(c) The director delivers notice in the form of a record of the director's dissent or abstention to the president or secretary of the corporation or another officer of the corporation designated in the bylaws before or during the meeting or before the approval of the minutes of the meeting.

(7) The right of dissent or abstention is not available to a director who votes in favor of the action taken. [2021 c 176 § 2504.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.570 Action without meeting by unanimous written consent.

(1) Unless the articles or bylaws prohibit action without a meeting, action required or permitted by this chapter to be taken by the board may be taken without a meeting if each director entitled to vote with respect to the subject matter thereof executes a consent in the form of a record describing the action to be taken and delivers it to the nonprofit corporation.

(2) For purposes of this section only, "each director entitled to vote" does not include an "interested director" who abstains in writing from providing consent, where:

(a) The board has determined that:

(i) The corporation is entering into the transaction for its own benefit; and

(ii) The transaction is fair and reasonable to the corporation when it enters into the transaction or the noninterested directors determine in good faith after reasonable investigation that the corporation cannot obtain a more advantageous arrangement with reasonable effort under the circumstances, at or before execution of the written consent;

(b) That determination of the board is included in the written consent executed by the noninterested directors or in other records of the corporation; and

(c) All of the noninterested directors approve the action.

(3) Action taken under this section is the act of the board when one or more consents executed by all the directors entitled to vote are delivered to the nonprofit corporation. In no event may the period between the date of the first signature by a director on such a consent and the date on which all directors have executed the consent be more than sixty days. The consent may specify the time at which the action taken in the consent is to be effective. A director's consent may be withdrawn by a revocation in the form of a record executed by the director and delivered to the president, secretary, or other officer of the corporation specified by the board for that purpose before delivery to the corporation of unrevoked consents executed by all the directors.

(4) A written consent executed under this section has the effect of action taken at a meeting of the board and may be described as such in any document. [2021 c 176 § 2505.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.575 Board and advisory committees. (1) Unless this chapter, the articles, or the bylaws provide otherwise, a board may create one or more committees of the board that consist of two or more directors. A committee of the board shall not include as voting members persons who are not directors, except:

(a) As provided in Title 48 RCW or the regulations promulgated thereunder;

(b) If the only powers delegated to the committee are those necessary for the committee to serve in any fiduciary capacity with respect to one or more employee benefit plans established under the federal employee retirement income security act of 1974, or any successor statute; or

(c) Unless without the inclusion of persons who are not directors it is impossible or impracticable for the corporation to comply with applicable law other than this chapter.

(2) Unless this chapter otherwise provides, the creation of a committee of the board and appointment of directors to it shall 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 or bylaws to take action under RCW 24.03A.565.

(3) RCW 24.03A.550 through 24.03A.570 apply to both committees of the board and their members to the greatest practicable extent.

(4) To the extent specified by the board or in the articles or bylaws, each committee of the board may exercise the powers of the board granted through RCW 24.03A.490(2), except as limited by subsection (5) of this section.

(5) A committee of the board may not:

(a) Authorize distributions;

(b) Adopt, amend, alter, or repeal bylaws;

(c) In the case of a membership corporation, approve or propose to members action that must be approved by members under the articles or bylaws;

(d) Elect, appoint[,], or remove any member of any committee of the board or any director or officer of the corporation;

(e) Amend the articles;

(f) Adopt a plan of merger with another corporation;

(g) Adopt a plan of domestication, for-profit conversion, or entity conversion;

(h) Authorize the sale, lease, or exchange of all or substantially all of the property and assets of the corporation not in the ordinary course of business;

(i) Authorize the voluntary dissolution of the corporation or revoke proceedings therefor;

(j) Adopt a plan for the distribution of the assets of the corporation; or

(k) Amend, alter, or repeal any resolution of the board, unless the resolution provides by its terms that it may be amended, altered, or repealed by a committee.

(6) The creation of, delegation of authority to, or action by a committee of the board does not alone constitute compliance by a director with the standards of conduct described in RCW 24.03A.495.

(7) A nonprofit corporation may create or authorize the creation of one or more advisory committees whose members need not be directors or meet the qualification requirements for directors. The board shall not delegate any of its authority to an advisory committee. An advisory committee:

(a) Is not a committee of the board; and

(b) May not exercise any of the powers of the board. [2021 c 176 § 2506.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.580 Procedure for remote meetings. Unless otherwise provided in the articles or bylaws, meetings of the board or any committee held by remote communication must follow the provisions of RCW 24.03A.550 through 24.03A.575 to the greatest practicable extent. [2021 c 176 § 2507.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

ARTICLE 6 OFFICERS

24.03A.585 Officers—Duties. (1) The officers of a nonprofit corporation consist of a president, secretary, and treasurer, and other officers as may be authorized by the articles, the bylaws, or the board.

(2) Unless the articles or bylaws provide otherwise, the board shall elect or appoint all officers annually, and officers shall serve until their respective successors have been elected or appointed or until their earlier removal or resignation.

(3) The same individual may simultaneously hold more than one office in a nonprofit corporation, except that the same individual may not hold the offices of president and secretary.

(4) Each officer has the authority and shall perform the duties set forth in the articles or bylaws or, to the extent consistent with the articles and bylaws, the duties prescribed by

the board or by direction of an officer authorized by the board to prescribe the duties of other officers. [2021 c 176 § 2601.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.590 Standards of conduct for officers. (1) An officer with discretionary authority shall discharge his or her 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) The duty of an officer includes the obligation to convey to his or her superior officer, the board, a board committee, or another appropriate person within the nonprofit corporation:

(a) Information about the affairs of the nonprofit corporation within the scope of the officer's functions, and known to the officer to be material to the superior officer, board, or committee thereof; and

(b) Information regarding any actual or probable material violation of law involving the corporation or material breach of duty to the corporation by an officer, director, employee, agent, or vendor of the corporation, that the officer believes has occurred or is likely to occur.

(3) In discharging his or her duties, an officer who does not have knowledge that makes reliance unwarranted may 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 nonprofit corporation whom the officer reasonably believes to be reliable and competent in the functions performed or the information, opinions, reports, or statements provided;

(b) Legal counsel, public accountants, or other persons retained by the corporation as to matters involving skills or expertise the officer reasonably believes are matters:

(i) Within the particular person's professional or expert competence; or

(ii) As to which the particular person merits confidence.

(4) An officer is not a trustee with respect to the nonprofit corporation or with respect to any property held or administered by the corporation, including property that may be subject to restrictions imposed by the donor or transferor of the property. [2021 c 176 § 2602.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.595 Resignation and removal of officers. (1) An officer may resign at any time by delivering notice to the nonprofit corporation. A resignation is effective when the notice is delivered unless the notice specifies a later effective time. If a resignation is made effective at a later time and the board or the appointing officer accepts the future effective time, then the board or the appointing officer may designate a successor before the effective time if the board or the appointing officer provides that the successor does not take office until the effective time.

(2) Except as provided in the articles or bylaws, an officer may be removed at any time with or without cause by:

(a) The board;

(b) The officer who appointed the officer being removed, unless the board provides otherwise; or

(c) Any other officer authorized by the articles, the bylaws, or the board to remove the officer being removed.

(3) In this section, "appointing officer" means the officer, including any successor to that officer who appointed the officer resigning or being removed. [2021 c 176 § 2603.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.600 Contract rights of officers. (1) The appointment or election 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 nonprofit corporation. An officer's resignation does not affect the corporation's contract rights, if any, with the officer. [2021 c 176 § 2604.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

ARTICLE 7

PROVISIONS COMMON TO DIRECTORS AND OFFICERS

24.03A.605 Loans or guarantees. (1) A nonprofit corporation may not lend money to, advance credit to, or guarantee the obligation of a director or officer of the corporation.

(2) Subsection (1) of this section does not apply to:

(a) An advance to pay reimbursable expenses reasonably expected to be incurred within a time period that is reasonable under the circumstances by a director or officer;

(b) Advances pursuant to RCW 24.03A.630;

(c) Loans or advances pursuant to employee benefit plans; or

(d) A loan to pay reasonable relocation expenses of an officer.

(3) The fact that a loan or guarantee is made in violation of this section does not affect the borrower's liability on the loan.

(4) The directors who vote for or assent to any loan, advance, or guarantee in violation of subsection (1) of this section, and any officer materially participating in the making of such a loan, advance, or guarantee, are personally liable on a joint and several basis to the nonprofit corporation on the loan, advance, or guarantee. Liability under this subsection terminates upon the repayment of any funds advanced by the nonprofit corporation in violation of subsection (1) of this section or, if no funds have been advanced under a guarantee, upon the termination of the guarantee.

(5) A director or officer held liable under subsection (4) of this section for any unlawful loan or guarantee is entitled to contribution from every other director or officer who could be held liable under subsection (4) of this section for the unlawful loan or guarantee.

(6) A proceeding to enforce contribution or recoupment under subsection (5) of this section is barred unless it is commenced within one year after the liability of the claimant has been finally adjudicated under subsection (4) of this section. [2021 c 176 § 2701.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.610 Liability for unlawful distributions. (1) A director or officer is personally liable to the nonprofit cor-

poration for the amount of any distribution that exceeds the amount the corporation could have distributed without violating RCW 24.03A.155 if:

(a) The nature or amount of the distribution was material to the interests of the corporation for any reason under all of the facts and circumstances including, but not limited to, federal excise tax liability or federal tax penalties imposed on the corporation as a result of the distribution;

(b) The director or officer voted for or assented to that distribution as a director, or participated beyond the level of a ministerial function in making that distribution as an officer; and

(c) The party asserting liability establishes that, when taking the action, the director or officer violated the standard of conduct set forth in subsection (2) of this section.

(2) A director or officer may be held liable under this section:

(a) For a distribution by a charitable corporation, or a distribution of assets held for charitable purposes, if the director did not comply with RCW 24.03A.495 or the officer did not comply with RCW 24.03A.590; or

(b) If the conduct of the director or officer with respect to the distribution constitutes gross negligence.

(3) A director or officer held liable under this section for an unlawful distribution is entitled to:

(a) Contribution from every other director or officer who could be held liable under this section for the unlawful distribution; and

(b) Recoupment from each person of the pro rata portion of the amount of the unlawful distribution the person received:

(i) Whether or not the person knew the distribution was made in violation of this chapter, for a distribution by a charitable corporation or of property held for charitable purposes; or

(ii) Knowing the distribution was made in violation of this chapter, for a distribution of property not held for charitable purposes.

(4) A proceeding to enforce:

(a) The liability of a director or officer under this section is barred, unless it is commenced within three years after the date on which the distribution was made; or

(b) Contribution or recoupment under subsection (3) of this section is barred, unless it is commenced within one year after the liability of the claimant under this section has been finally adjudicated. [2021 c 176 § 2702.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.615 Conflicting interest transactions—Voidability. (1) A contract or transaction between a nonprofit corporation and one or more of its members, directors, or officers; or between a nonprofit corporation and any other entity in which one or more of its directors or officers are directors or officers, hold a similar position, or have a financial interest is not void or voidable solely for that reason, or solely because the member, director, or officer is present at or participates in the meeting of the board that authorizes the contract or transaction or solely because his or her or their votes are counted for that purpose, if:

(a) The material facts as to the relationship or interest and as to the contract or transaction are disclosed or are

known to the board and the board in good faith authorizes the contract or transaction by the affirmative vote of a majority of the disinterested directors even though the disinterested directors are less than a quorum;

(b) The material facts as to the relationship or interest of the member, director, or officer and as to the contract or transaction are disclosed or are known to the members entitled to vote thereon, if any, and the contract or transaction is specifically approved in good faith by vote of those members; or

(c) The contract or transaction is fair as to the corporation as of the time the board or the members authorize, approve, or ratify the transaction.

(2) Interested directors or directors holding a similar position in the other entity involved in a contract or transaction specified in subsection (1) of this section may be counted in determining the presence of a quorum at a meeting of the board that authorizes the contract or transaction.

(3) This section is applicable except as provided in the articles or bylaws. [2021 c 176 § 2703.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.620 Business opportunities. (1) The taking advantage, directly or indirectly, by a director or officer of a business opportunity may not be the subject of equitable relief, or give rise to an award of damages or other sanctions against the director or officer, in a proceeding by or in the right of the nonprofit corporation on the ground that the opportunity should have first been offered to the corporation, if before becoming legally obligated or entitled respecting the opportunity the director or officer brings it to the attention of the corporation and action by the members or the directors disclaiming the corporation's interest in the opportunity is taken in compliance with the procedures set forth in RCW 24.03A.615, as if the decision being made concerned a conflicting interest transaction.

(2) In any proceeding seeking equitable relief or other remedies, based upon an alleged improper taking advantage of a business opportunity by a director or officer, the fact that the director or officer did not employ the procedure described in subsection (1) of this section before taking advantage of the opportunity does not support an inference that the opportunity should have been first presented to the nonprofit corporation or alter the burden of proof otherwise applicable to establish that the director or officer breached a duty to the corporation in the circumstances. [2021 c 176 § 2704.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.625 Removal by judicial proceeding. (1) The court may remove a director or officer from office in a proceeding commenced by or in the right of the corporation if the court finds that:

(a) The director or officer engaged in fraudulent conduct with respect to the corporation or its members, knowingly inflicted harm on the corporation, or engaged in acts or omissions constituting gross negligence with respect to the director's or officer's duties; and

(b) Considering the course of conduct of the director or officer and the inadequacy of other available remedies, removal would be in the best interest of the corporation.

(2) An action under this section may be commenced by a member, individual director, or delegate. The attorney general may also commence an action under this section if the corporation holds property for charitable purposes.

(3) The court, in addition to removing the director or officer, may bar the director or officer from being reelected, redesignated, or reappointed as a director, an officer, or both for a period prescribed by the court.

(4) Nothing in this section limits the equitable powers of the court to order other relief.

(5) If a proceeding is commenced under this section to remove a director or officer of a charitable corporation, then the plaintiff shall give the attorney general notice in the form of a record of the commencement of the proceeding. [2021 c 176 § 2705.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.630 Indemnification and advance for expenses. The provisions of RCW 23B.08.500 through 23B.08.603, or their successors, apply to any corporation to which this chapter applies. For purposes of this chapter:

(1) All references in those provisions to shares of a corporation are deemed to refer to membership interests in the nonprofit corporation.

(2) All references in those provisions to shareholders are deemed to refer to members of the nonprofit corporation.

(3) All references in those provisions to a shareholders meeting are deemed to refer to a meeting of the members of the nonprofit corporation.

(4) All references in those provisions to transactions from which directors or officers will personally receive a benefit to which they are not entitled are deemed to include transactions approved or implemented by a director or officer knowing them to be in violation of RCW 24.03A.155.

(5) This section does not limit a nonprofit corporation's power to indemnify, advance expenses to, or provide or maintain insurance on behalf of an employee, agent, or volunteer. [2021 c 176 § 2706.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.635 Directors and officers under 18 years of age. No director or officer of a corporation who is under 18 years of age shall have authority to execute any document on behalf of the corporation, or otherwise to bind the corporation with respect to any other party, without the written concurrence of one or more other directors or officers of the corporation who are at least 18 years of age and would, between them, have independent authority to execute the same document or to bind the corporation in the same way. [2021 c 176 § 2707.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

PART III FUNDAMENTAL TRANSACTIONS ARTICLE I AMENDMENT OF ARTICLES OR BYLAWS

24.03A.640 Authority to amend. (1) A nonprofit corporation may amend its articles of incorporation, from time to time, so long as its articles as amended contain only provisions that are lawful under this chapter.

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(2) Amendments to the articles of a charitable corporation to include one or more purposes of the corporation substantially different from the corporation's purposes before the amendment are subject to the reporting requirement set out in RCW 24.03A.075. [2021 c 176 § 3101.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.645 Amendment of articles by nonmembership corporation. (1) Except as provided in the articles, the board of a nonmembership corporation may adopt amendments to the corporation's articles by the vote of a majority of the directors in office.

(2) Except as provided in subsection (3) of this section, an amendment adopted by the board under this subsection must also be approved, if the amendment changes or deletes a provision regarding the appointment of a director by persons other than the board, by those persons as if they constituted a voting group.

(3) Unless the articles provide otherwise, the board of a nonmembership corporation may adopt amendments to the corporation's articles without approval of any of the other persons identified in subsection (2) of this section to:

(a) Extend the duration of the corporation if it was incorporated at a time when limited duration was required by law;

(b) Delete the names and addresses of the initial directors;

(c) Notwithstanding RCW 24.03A.100(1), delete the name of each incorporator and 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; and

(d) Restate without change all of the then operative provisions of the articles. [2021 c 176 § 3102.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.650 Amendment before admission of members. If a membership corporation has not yet admitted members, then its board may adopt one or more amendments to the articles. [2021 c 176 § 3103.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.655 Amendment after admission of members. (1) An amendment to the articles of a membership corporation must be adopted in the following manner:

(a) Except as provided in (e) of this subsection, a proposed amendment must be adopted by the board.

(b) Except as provided in RCW 24.03A.670 and 24.03A.675, a proposed amendment must be submitted to the members entitled to vote on the amendment, if any, for their approval.

(c) The board shall deliver to all members a recommendation that the members approve an amendment, unless the board makes a determination that because of conflicts of interest or other special circumstances it should not make such a recommendation, in which case the board shall deliver to the members the basis for that determination.

(d) The board may condition its submission of an amendment to the members on any basis. Such a condition is in addition to any approval requirements set forth in the corporation's articles or bylaws or in this chapter.

(e) If the articles or bylaws so permit, an amendment may be proposed by ten percent or more of the members enti-

tled to vote on the amendment, or by a greater number of members if the articles or bylaws so specify. The provisions of (a), (c), and (d) of this subsection do not apply to an amendment proposed by the members under this subsection.

(f) If an amendment is required to be approved by the members, including under (e) of this subsection, and the approval is to be given at a meeting, then the corporation shall give notice to each member, whether or not entitled to vote on the amendment, of the meeting of members at which the amendment is to be submitted for approval. The notice shall state that the purpose, or one of the purposes, of the meeting is to consider the amendment and must contain or be accompanied by a copy or summary of the amendment. If a summary is provided in lieu of a copy of the amendment, then a copy must be available to members upon request and the notice shall state that fact.

(g) At a meeting described in (f) of this subsection, those members entitled to vote on the amendment may:

(i) Approve or reject the amendment exactly as provided or summarized in the notice of the meeting; or

(ii) Approve revisions to the amendment at the meeting, if the subject matter of the revisions is within the scope of the subject matter of the amendment as provided or summarized in the notice of the meeting.

(h) The board shall determine whether the subject matter of any revisions approved by members remains within the scope of the subject matter of the amendment as provided or summarized in the notice of the meeting. If the board determines that the revisions approved by the members are not within that scope, then the amendment is deemed rejected by the membership. If the board determines that the revisions by members are within scope, then the board may:

(i) Accept the amendment incorporating the revisions approved by the members; or

(ii) Propose a further revised amendment to the members for approval.

This process may continue until an amendment acceptable to the board has been approved by the members. If successive votes take place at the same meeting of members, then no further notices or meetings are required.

(i) Unless the articles or bylaws, or the board acting pursuant to (d) of this subsection, requires a greater vote or a greater number of votes to be present, the approval of an amendment by the members entitled to vote thereon requires the approval of those members at a meeting at which a quorum is present, and, if any class of members is entitled to vote as a separate group on the amendment, the approval of each separate voting group entitled to vote at a meeting at which a quorum of the voting group is present.

(j) Except as provided in subsection (2) of this section, an amendment adopted by the board under this subsection must also be approved, if the amendment changes or deletes a provision regarding the appointment of a director by persons other than the board, by those persons as if they constituted a voting group.

(k) If a membership corporation has no members entitled to vote on the amendment, then the corporation shall deliver notice of the approval of the amendment by the board to all members of the corporation at least five days before filing articles of amendment or restated articles of incorporation with the secretary of state.

(2) Unless the articles provide otherwise, the board of a membership corporation may adopt amendments to the corporation's articles without approval of the members to:

(a) Delete the names and addresses of the initial directors;

(b) Notwithstanding RCW 24.03A.100(2), delete the name of each incorporator and 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; or

(c) Restate without change all of the then operative provisions of the articles. [2021 c 176 § 3104.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.660 Voting on amendments by voting groups.

(1) If a nonprofit corporation has more than one class of members entitled to vote on an amendment to the articles, then the articles or bylaws may provide that the members of each class entitled to vote on the amendment are entitled to vote as a separate voting group if the amendment would change the rights, powers, preferences, or limitations of the class.

(2) If a class of members will be divided into two or more classes by an amendment to the articles, then the amendment must be approved by a majority of the members of each class that will be created. [2021 c 176 § 3105.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.665 Articles of amendment. After an amendment to the articles has been adopted and approved in the manner required by RCW 24.03A.640 through 24.03A.705 and by the articles, the nonprofit corporation shall deliver to the secretary of state for filing articles of amendment, which must be executed by an officer or other authorized representative and set forth:

(1) The name of the corporation;

(2) The text of the amendment adopted;

(3) The date of the amendment's adoption; and

(4) If the amendment:

(a) Was adopted by the board without member approval, a statement that the amendment was adopted by the board of directors, and that member approval was not required; or

(b) Required approval by the members, a statement that the amendment was approved by the members in the manner required by this chapter and by the articles and bylaws. [2021 c 176 § 3106.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.670 Restated articles of incorporation. (1) The board of a nonprofit corporation may restate its articles of incorporation at any time, without approval by the members or any other person, to consolidate all amendments into a single document without substantive change.

(2) A restatement of the articles may include one or more amendments to the articles. If restated articles of incorporation of a nonmembership corporation include one or more new amendments, then these amendments must have been adopted and approved as provided in RCW 24.03A.645. If restated articles of incorporation of a membership corporation include one or more new amendments that require member approval, then the amendments must have been adopted

and approved as provided in RCW 24.03A.650 or 24.03A.655, as appropriate.

(3) A nonprofit corporation that restates its articles of incorporation shall deliver to the secretary of state for filing articles of restatement setting forth the name of the nonprofit corporation and the text of the restated articles of incorporation together with a certificate setting forth:

(a) If the restatement does not include any amendments to the articles, a statement of that fact;

(b) If the restatement contains one or more amendments to the articles, the information required by RCW 24.03A.665 (1) through (4).

(4) The articles of restatement and the certificate must be executed by an officer or other authorized representative.

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

(6) The secretary of state shall certify restated articles of incorporation as the articles currently in effect. [2021 c 176 § 3107.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.675 Amendment of articles pursuant to reorganization. (1) A nonprofit corporation's articles of incorporation may be amended without action by the board or the members to carry out a plan of reorganization ordered or decreed by any court of competent jurisdiction in a proceeding relating to the corporation.

(2) An individual 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.

(3) 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. [2021 c 176 § 3108.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.680 Effective date. Unless a delayed effective date is specified, articles of amendment or restated articles of incorporation become effective on the date the articles of amendment or restated articles of incorporation are filed by the secretary of state. [2021 c 176 § 3109.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.685 Effect of articles of amendment. (1) Except as provided in subsection (2) of this section, an amendment to the articles does not affect a cause of action existing against or in favor of the nonprofit corporation, a proceeding to which the corporation is a party, or the existing rights of persons other than members of the corporation or persons referred to in the articles. An amendment changing a corporation's name does not abate a proceeding brought by or against the corporation in its former name.

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(2) No amendment to the articles shall modify any restriction imposed through any means upon property held for charitable purposes unless, before the delivery of the amendment to the secretary of state for filing, the restriction is modified:

(a) In the case of a restriction imposed pursuant to a trust instrument governed by chapter 11.110 RCW in which the nonprofit corporation is a trustee or a beneficiary, through an appropriate order of the court or the agreement of all interested parties, including the attorney general, under chapter 11.96A RCW; or

(b) In the case of any other restriction, pursuant to RCW 24.03A.190.

(3) A person who is a member or otherwise affiliated with a charitable corporation may not receive a direct or indirect financial benefit in connection with an amendment of the articles unless the person is itself a charitable corporation, the federal government, a state, a governmental subdivision, or an unincorporated entity that has charitable purposes. This subsection does not apply to the receipt of reasonable compensation for services rendered. [2021 c 176 § 3110.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.690 Power to amend bylaws. The power to alter, amend, or repeal the bylaws or adopt new bylaws is vested in the board unless otherwise provided in the articles, the bylaws, or this chapter. [2021 c 176 § 3111.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.695 Bylaw amendments requiring member approval. (1) Except as provided in the articles or bylaws, the board of a membership corporation that has one or more members may not, without approval of the class or classes of members affected, adopt or amend a provision of the bylaws:

(a) That would eliminate any existing right, power, or privilege of membership contained in the bylaws;

(b) Under RCW 24.03A.345, providing that some of the members have different rights or obligations than other members with respect to voting, dissolution, transfer of memberships[,] or other matters;

(c) Under RCW 24.03A.360, levying dues, assessments, or fees on some or all of the members;

(d) Under RCW 24.03A.375, relating to the termination or suspension of members; or

(e) Under RCW 24.03A.380, authorizing the purchase of memberships.

(2) The board of a membership corporation that has members may not amend the articles or bylaws without approval of every class or classes of members affected to vary the application of subsection (1) of this section to the corporation.

(3) If a nonprofit corporation has more than one class of members, then the members of a class are entitled to vote as a separate voting group on an amendment to the bylaws that:

(a) Is described in subsection (1) of this section, if the amendment would affect the members of that class differently than the members of another class; or

(b) Has any of the effects described in RCW 24.03A.655(1)(j).

(4) If a class of members will be divided into two or more classes by an amendment to the bylaws, then the

amendment must be approved by a majority of the members of each class that will be created. [2021 c 176 § 3112.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.700 Effect of bylaw amendment. (1) No amendment to the bylaws shall modify any restriction imposed through any means upon property held for charitable purposes unless, before or simultaneously with the adoption of the bylaws amendment, the restriction is modified:

(a) In the case of a restriction imposed pursuant to a trust instrument governed by chapter 11.110 RCW in which the nonprofit corporation is a trustee or a beneficiary, through an appropriate order of the court or the agreement of all interested parties, including the attorney general, under chapter 11.96A RCW; or

(b) In the case of any other restriction, pursuant to RCW 24.03A.190.

(2) A person who is a member or otherwise affiliated with a charitable corporation may not receive a direct or indirect financial benefit in connection with an amendment of the bylaws unless the person is itself a charitable corporation, the federal government, a state, a governmental subdivision, or an unincorporated entity that has charitable purposes. This subsection does not apply to the receipt of reasonable compensation for services rendered. [2021 c 176 § 3113.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.705 Approval of amendments by third parties. (1) The articles of incorporation may require that an amendment to the articles be approved in the form of a record by a specified person or group of persons in addition to the board or members.

(2) The articles or bylaws may require that an amendment to the bylaws be approved in the form of a record by a specified person or group of persons in addition to the board or members.

(3) A requirement in the articles or bylaws described in subsection (1) or (2) of this section may only be amended with the approval in the form of a record of the specified person or group of persons. [2021 c 176 § 3114.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

ARTICLE 2 MERGER

24.03A.710 Definitions. The definitions in this section apply throughout this section and RCW 24.03A.715 through 24.03A.750 unless the context clearly requires otherwise.

(1) "Eligible interests" means interests or shares.

(2) "Interests" means either or both of the following rights under the organic law of an unincorporated entity:

(a) The right to receive distributions from the entity either in the ordinary course or upon liquidation; or

(b) The right to receive notice or vote on issues involving its internal affairs, other than as an agent, assignee, proxy, or person responsible for managing its business, activities, or affairs.

(3) "Merger" means a transaction pursuant to RCW 24.03A.730.

(4) "Party to a merger" means any domestic or foreign nonprofit corporation or eligible entity that will merge under a plan of merger.

(5) "Shares" means the units into which the proprietary interests in a domestic or foreign for-profit corporation are divided.

(6) "Survivor" in a merger means the corporation or eligible entity into which one or more other corporations or eligible entities are merged. A survivor of a merger may preexist the merger or be created by the merger. [2021 c 176 § 3201.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.715 Property held for charitable purposes.

(1) In a merger under RCW 24.03A.710 through 24.03A.750, property held for charitable purposes by a nonprofit corporation may not be diverted from charitable purposes.

(2) The survivor of any merger under RCW 24.03A.710 through 24.03A.750 remains bound by any restriction imposed through any means upon property held for charitable purposes by any party to the merger including, but not limited to, any restriction that affects existing rights of persons other than members, shareholders, or interest holders of the other party, unless the restriction is modified:

(a) In the case of a restriction imposed pursuant to a trust instrument governed by chapter 11.110 RCW in which the nonprofit corporation is a trustee or a beneficiary, through an appropriate order of the court or the agreement of all interested parties, including the attorney general, under chapter 11.96A RCW; or

(b) In the case of any other restriction, pursuant to RCW 24.03A.190.

(3) Property held by a nonprofit corporation for charitable purposes upon condition requiring return, transfer, or conveyance, which condition occurs by reason of the merger, must be returned, transferred, or conveyed in accordance with that condition.

(4) A corporation that is not a charitable corporation but holds property for charitable purposes shall deliver to the attorney general notice of its intent to consummate a merger, unless the survivor of the merger is a charitable corporation. The notice must be delivered to the attorney general in the form of a record at least twenty days before the meeting at which the proposed transaction is to be approved. Such a merger may not be implemented without the approval of the attorney general, or the approval of the court in a proceeding to which the attorney general is made a party. In the event that the attorney general does not deliver a notice of objection in the form of a record to the corporation within twenty days after the delivery to the attorney general of notice of the transaction, approval of the transaction is deemed to have been given.

(5) The notice described in subsection (4) of this section shall include:

(a) A statement specifying how the merger will comply with subsections (1) through (3) of this section; and

(b) A brief description of:

(i) Real property held by the corporation for charitable purposes, and its nature and location;

(ii) Cash, bank deposits, brokerage accounts, or other financial assets held by the corporation for charitable purposes, and their approximate total fair market value;

(iii) Other personal property held by the corporation for charitable purposes, and its nature and approximate total fair market value; and

(iv) All gift restrictions applicable to any property described in (b)(i) through (iii) of this subsection, and the nature of those restrictions. [2021 c 176 § 3202.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.720 Prohibition of financial benefit. A person who is a member, director, officer, interest holder, or otherwise affiliated with a charitable corporation or any other eligible entity with a charitable purpose may not receive a direct or indirect financial benefit in connection with a merger governed by RCW 24.03A.710 through 24.03A.750 to which the charitable corporation or unincorporated entity is a party unless the person is itself a charitable corporation, the federal government, a tribal government, a state or local government, a governmental subdivision, or an eligible entity that is organized exclusively for charitable purposes. This section does not apply to the receipt of reasonable compensation for services rendered. [2021 c 176 § 3203.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.725 Limitations on charitable corporations.

(1) A charitable corporation may merge only with:

(a) Another charitable corporation;

(b) A foreign corporation that, if it were a domestic corporation, would qualify under this chapter as a charitable corporation; or

(c) A foreign or domestic for-profit or nonprofit corporation, or unincorporated entity, only if the charitable corporation is the surviving corporation and continues to qualify as a charitable corporation after the merger.

(2) No member of a charitable corporation may receive or keep anything as a result of a merger other than a membership in the surviving charitable corporation, unless:

(a) The attorney general, or the court in a proceeding in which the attorney general has been given notice, has provided prior written consent; or

(b) The member is a charitable corporation, another entity that is organized and operated exclusively for one or more charitable purposes, the federal government, or a tribal, state, or local government. [2021 c 176 § 3204.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.730 Merger. (1) Subject to the restrictions in RCW 24.03A.715 through 24.03A.725, one or more domestic nonprofit corporations may merge with one or more domestic or foreign nonprofit corporations or eligible entities pursuant to a plan of merger or two or more foreign nonprofit corporations or domestic or foreign eligible entities may merge into a new domestic nonprofit corporation to be created in the merger in the manner provided in RCW 24.03A.710 through 24.03A.750.

(2) A foreign nonprofit corporation, or a foreign eligible entity, may be a party to a merger with a domestic nonprofit corporation, or may be created by the terms of the plan of

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merger, only if the merger is permitted by the organic law of the corporation or eligible entity.

(3) If the law of this state, other than this chapter, permits the merger of a domestic eligible entity with a nonprofit corporation but does not provide procedures for the approval of such a merger, then a plan of merger may be adopted and approved, and the merger may be effectuated, in accordance with the procedures in RCW 24.03A.710 through 24.03A.750. For the purposes of applying RCW 24.03A.710 through 24.03A.750, as the context may require:

(a) The eligible entity is treated as a domestic nonprofit corporation, its interest holders are treated as members, eligible interests are treated as memberships, and organic records are treated as articles and bylaws; and

(b) If there is no board of directors and the business and affairs of the eligible entity are managed by a team or body of persons that is not identical to the interest holders, that team or body is deemed to be the board of directors.

(4) The plan of merger must be in the form of a record and include:

(a) The name of each domestic or foreign nonprofit corporation or eligible entity that will merge and the name of the domestic or foreign nonprofit corporation or eligible entity that will be the survivor of the merger;

(b) The terms and conditions of the merger;

(c) The manner and basis of converting the memberships of each merging domestic or foreign nonprofit membership corporation and the eligible interests of each merging domestic or foreign eligible entity into memberships, eligible interests, securities, or obligations; rights to acquire memberships, eligible interests, securities, or obligations; cash; other property or other consideration; or any combination of the foregoing;

(d) The articles and bylaws of any corporation, or the organic records of any eligible entity, to be created by the merger; or if a new corporation or eligible entity is not to be created by the merger, any changes to the survivor's articles or bylaws or organic records;

(e) Whether the corporation is a charitable corporation or is holding assets for charitable purposes;

(f) If the corporation is a charitable corporation or is holding assets for charitable purposes, a plan setting forth how the merging entities will comply with RCW 24.03A.715 and 24.03A.725; and

(g) Any other provisions relating to the merger that the parties desire be included in the plan of merger.

(5) The plan of merger may also include a provision that the plan may be amended before filing articles of merger, but if the members of a domestic corporation that is a party to the merger are required or entitled to vote on the plan, then the plan shall provide that after approval of the plan by those members the plan may not be amended to change:

(a) The amount or kind of memberships, eligible interests, securities, or obligations; rights to acquire memberships, eligible interests, securities, or obligations; cash; or other property or other consideration to be received by the members or owners of eligible interests in any party to the merger;

(b) The articles or bylaws of any corporation, or the organic records of any unincorporated entity, that will survive or be created as a result of the merger, except for

changes permitted by RCW 24.03A.655(2) or by comparable provisions of the organic law of a foreign nonprofit or for-profit corporation or domestic or foreign unincorporated entity; or

(c) Any of the other terms or conditions of the plan, if the change would adversely affect those members in any material respect.

(6) Terms of a plan of merger may be made dependent on facts objectively ascertainable outside the plan in accordance with RCW 24.03A.060(3). [2021 c 176 § 3205.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.735 Adoption of plan of merger. In the case of a nonprofit corporation that is a party to a merger:

(1) The plan of merger must be adopted by the board.

(2) Except as provided in subsection (9) of this section, RCW 24.03A.730, or the articles or bylaws, after adopting the plan of merger, the board shall submit the plan to those members entitled to vote on the plan for their approval. The board shall also deliver to the members a recommendation that the members approve the plan, unless the board makes a determination that because of conflicts of interest or other special circumstances it should not make such a recommendation, in which case the board shall deliver to the members the basis for that determination.

(3) The board may condition its submission of the plan of merger to the members on any basis.

(4) If the plan of merger is required to be approved by the members, and if the approval is to be given at a meeting, then the nonprofit corporation shall give notice to each member, whether or not entitled to vote on the merger, of the meeting of members at which the plan is to be submitted for approval. The notice shall state that the purpose, or one of the purposes, of the meeting is to consider the plan and must contain or be accompanied by a copy or summary of the plan. If the corporation is to be merged into an existing corporation or eligible entity, then the notice shall also include a copy or summary of the articles and bylaws or organic records of that corporation or eligible entity. If the corporation is to be merged into a corporation or eligible entity that is to be created pursuant to the merger, then the notice shall include a copy or a summary of the articles and bylaws or organic records of the new corporation or eligible entity. If a summary is provided in lieu of a copy of the plan or of the articles and bylaws, then a copy of the plan and articles and bylaws, as applicable, must be available to members upon request and this fact must be stated in the notice. Such copy of the plan and articles and bylaws, as applicable, may be made available in electronic format.

(5) Unless the articles or bylaws, or the board acting pursuant to subsection (3) of this section, requires a greater vote or a greater number of votes to be present, the approval of the plan of merger by the members entitled to vote thereon requires the approval of a majority of those members at a meeting at which a quorum is present, and, if any class of members is entitled to vote as a separate group on the plan of merger, the approval of a majority of the members of each voting group entitled to vote at a meeting at which a quorum of the voting group is present.

(6) Separate voting on a plan of merger is required:

(a) By each class of members:

(i) Whose memberships are to be converted into eligible interests, securities, or obligations; rights to acquire eligible interests, securities, or obligations; cash; other property or other consideration; or any combination of the foregoing;

(ii) Which is to experience a change in the rights, powers, preferences, or limitations of the class as a result of the merger; or

(iii) That would be entitled to vote as a separate group on a provision in the plan that, if contained in a proposed amendment to [the] articles of incorporation, would require action by separate voting groups under the articles or bylaws.

(b) By a voting group, if the voting group is entitled under the articles or bylaws to vote as a voting group to approve a plan of merger.

(7) If a plan of merger would affect in the same or a substantially similar way two or more classes of members entitled to vote separately on the plan of merger under subsection (6)(a) of this section, then, instead of voting separately, all similarly affected classes of members shall vote together as a single voting group on the plan of merger, unless otherwise provided in the articles or as a condition imposed by the board under subsection (3) of this section.

(8) If as a result of a merger one or more members of a domestic nonprofit corporation would become subject to owner liability for the debts, obligations[,] or liabilities of any other person or entity, then approval of the plan of merger requires the execution, by each member who would become subject to owner liability, of a separate record consenting to become subject to owner liability.

(9) If a domestic nonprofit corporation that is a party to a merger does not have any members entitled to vote on the merger, then a plan of merger is deemed adopted by the corporation when it has been adopted by the board pursuant to subsection (1) of this section. If a membership corporation has no members entitled to vote on the merger, then the corporation shall deliver notice of the proposed merger to all members of the corporation at least five days before the meeting at which the board is to adopt the plan of merger.

(10) In addition to the adoption and approval of the plan of merger by the board and members as required by this section, the plan of merger must also be approved in the form of a record by any person or group of persons whose approval is required under RCW 24.03A.705 to amend the articles or bylaws.

(11) Adoption and approval of a plan of merger by all required persons under the procedures set forth in this section constitutes adoption and approval of all changes to the approving party's articles, bylaws, or other organic documents contained within the plan of merger. [2021 c 176 § 3206.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.740 Articles of merger. (1) After a plan of merger has been adopted and approved as required by RCW 24.03A.710 through 24.03A.750, articles of merger must be executed on behalf of each party to the merger by an officer or other authorized representative of the party. The articles of merger shall set forth:

(a) The names of the parties to the merger;

(b) If the articles of the surviving domestic nonprofit corporation are being changed, or if a new domestic nonprofit

corporation is created as a result of a merger, the changes to the articles of the surviving corporation or the articles of the new corporation;

(c) If the plan of merger required approval by the members of a domestic nonprofit corporation that was a party to the merger, a statement that the plan was approved by the members and, if voting by any separate voting group was required, by each separate voting group entitled to vote, in the manner required by this chapter and the articles or bylaws;

(d) If the plan of merger did not require approval by the members of a domestic nonprofit corporation that was a party to the merger, a statement to that effect;

(e) If a party to the merger is a noncharitable corporation holding property for charitable purposes, and the survivor is not a charitable corporation, a statement that the attorney general has approved, or is deemed to have approved, the merger pursuant to RCW 24.03A.715; and

(f) As to each foreign nonprofit corporation or eligible entity that was a party to the merger, a statement that the participation of the foreign corporation or eligible entity was authorized as required by the organic law of the corporation or eligible entity.

(2) Terms of articles of merger may be made dependent on facts objectively ascertainable outside the articles in accordance with RCW 24.03A.060(3).

(3) Articles of merger must be delivered to the secretary of state for filing by the surviving entity of the merger and shall take effect at the effective time provided in RCW 23.95.210. Articles of merger filed under this section may be combined with any filing required under the organic law of any domestic eligible entity involved in the transaction if the combined filing satisfies the requirements of both this section and the other organic law. [2021 c 176 § 3207.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.745 Effect of merger. (1) Subject to RCW 24.03A.715 and 24.03A.720, if the surviving entity is a domestic nonprofit corporation when a merger becomes effective:

(a) The domestic nonprofit corporation that is designated in the plan of merger as the surviving corporation continues or comes into existence, as the case may be;

(b) The separate existence of every domestic or foreign nonprofit corporation or eligible entity that is merged into the survivor ceases;

(c) All property owned by, and every contract and other right possessed by, each domestic or foreign nonprofit corporation or eligible entity that merges into the surviving corporation is vested in the surviving corporation without reversion or impairment;

(d) All liabilities of each domestic or foreign nonprofit corporation or eligible entity that is merged into the survivor are vested in the surviving corporation;

(e) The name of the surviving corporation may, but need not be, substituted in any pending proceeding for the name of any party to the merger whose separate existence ceased in the merger;

(f) The articles and bylaws or organic records of the surviving corporation are amended to the extent of the changes provided in the plan of merger;

(g) The articles and bylaws of a surviving corporation that is created by the merger become effective; and

(h) The memberships of each corporation that is a party to the merger, and the eligible interests in an eligible entity that is a party to a merger, that are to be converted under the plan of merger into memberships, eligible interests, securities, or obligations; rights to acquire memberships, eligible interests, securities, or obligations; cash; other property or other consideration; or any combination of the foregoing; are converted.

(2) A person who becomes subject to owner liability for some or all of the debts, obligations, or liabilities of any entity as a result of a merger has owner liability only to the extent provided in the organic law of the entity and only for those debts, obligations, and liabilities that arise after the effective time of the articles of merger, except to the extent that the person consented to become subject to liability under RCW 24.03A.735(8).

(3) The effect of a merger on the owner liability of a person who had owner liability for some or all of the debts, obligations, or liabilities of a party to the merger is as follows:

(a) The merger does not discharge any owner liability under the organic law of the entity in which the person was a member, shareholder, or interest holder to the extent that owner liability arose before the effective time of the articles of merger.

(b) The person does not have owner liability under the organic law of the entity in which the person was a member, shareholder, or interest holder before the merger for any debt, obligation, or liability that arises after the effective time of the articles of merger.

(c) The provisions of the organic law of any entity for which the person had owner liability before the merger continue to apply to the collection or discharge of any owner liability preserved by subsection (1) of this section, as if the merger had not occurred.

(d) The person has whatever rights of contribution from other persons are provided by the organic law of the entity for which the person had owner liability with respect to any owner liability preserved by (a) of this subsection, as if the merger had not occurred.

(4) A devise, bequest, gift, grant, or promise contained in a will or other instrument, in trust or otherwise, made before or after a merger, to or for any of the parties to the merger, inures to the survivor, subject to the express terms of the will or other instrument. [2021 c 176 § 3208.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.750 Abandonment of merger. (1) Unless otherwise provided in a plan of merger or in the organic law of a foreign nonprofit corporation or a domestic or foreign eligible entity that is a party to a merger, after the plan has been adopted and approved as required by RCW 24.03A.710 through 24.03A.750, and at any time before the merger has become effective, it may be abandoned by a domestic nonprofit corporation that is a party thereto without action by its members, in accordance with any procedures set forth in the plan of merger or, if no procedures are set forth in the plan, in the manner determined by the board, subject to any contractual rights of other parties to the merger.

(2) If a merger is abandoned under subsection (1) of this section after articles of merger have been filed by the secretary of state but before the merger has become effective, then a statement that the merger has been abandoned in accordance with this section, executed on behalf of a party to the merger by an officer or other authorized representative, must be delivered to the secretary of state for filing before the effective date of the merger. Upon filing by the secretary of state, the statement takes effect and the merger is deemed abandoned and shall not become effective. [2021 c 176 § 3209.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

ARTICLE 3 DOMESTICATION AND CONVERSION

24.03A.755 Definitions. The definitions in this section apply throughout this section and RCW 24.03A.760 through 24.03A.880 unless the context clearly requires otherwise.

(1) "Conversion" means a transaction authorized by RCW 24.03A.810, 24.03A.835, or 24.03A.855.

(2) "Converting corporation" means the domestic or foreign nonprofit or for-profit corporation that approves a conversion pursuant to RCW 24.03A.755 through 24.03A.880 or its organic law.

(3) "Converting entity" means the domestic or foreign entity that approves a conversion pursuant to RCW 24.03A.855 or its organic law.

(4) "Domesticated corporation" means the domesticating corporation as it continues in existence after a domestication.

(5) "Domesticating corporation" means the domestic nonprofit corporation that adopts a plan of domestication pursuant to RCW 24.03A.790 or the foreign nonprofit corporation that approves a domestication pursuant to its organic law.

(6) "Domestication" means a transaction authorized by RCW 24.03A.785.

(7) "Surviving corporation" means the corporation as it continues in existence immediately after consummation of a for-profit conversion pursuant to RCW 24.03A.810, a foreign for-profit conversion and domestication pursuant to RCW 24.03A.835, or an entity conversion pursuant to RCW 24.03A.855.

(8) "Surviving entity" means the unincorporated entity as it continues in existence immediately after consummation of an entity conversion pursuant to RCW 24.03A.855. [2021 c 176 § 3301.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.760 Excluded transactions. RCW 24.03A.755 through 24.03A.880 may not be used to effect a transaction that:

(1) Converts a nonprofit or mutual insurance company to a for-profit stock corporation; or

(2) Is governed by chapter 70.45 RCW. [2021 c 176 § 3302.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.765 Required approvals. If a domestic or foreign nonprofit corporation or eligible entity may not be a party to a merger or sale of its assets without the approval of

a federal or state agency other than the secretary of state, then the corporation or eligible entity shall not be a party to a transaction under RCW 24.03A.755 through 24.03A.880 without the prior approval of that agency. [2021 c 176 § 3303.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.770 Property held for charitable purposes.

(1) In any transaction under RCW 24.03A.755 through 24.03A.880, property held for charitable purposes by a nonprofit corporation may not be diverted from charitable purposes.

(2) No transaction under RCW 24.03A.755 through 24.03A.880 shall modify any restriction imposed through any means upon property held for charitable purposes by any entity involved in the transaction, including but not limited to a restriction that affects existing rights of persons other than members, shareholders, or interest holders of the entity, unless the restriction is modified:

(a) In the case of a restriction imposed pursuant to a trust instrument governed by chapter 11.110 RCW in which the nonprofit corporation is a trustee or a beneficiary, through an appropriate order of the court or the agreement of all interested parties, including the attorney general, under chapter 11.96A RCW; or

(b) In the case of any other restriction, pursuant to RCW 24.03A.190.

(3) Property held by a nonprofit corporation for charitable purposes upon condition requiring return, transfer[,], or conveyance, which condition occurs by reason of a transaction under RCW 24.03A.755 through 24.03A.880, must be returned, transferred, or conveyed in accordance with that condition.

(4) A corporation holding property for charitable purposes shall deliver to the attorney general notice of its intent to consummate any transaction under RCW 24.03A.755 through 24.03A.880. The notice must be delivered to the attorney general in the form of a record at least forty-five days before the meeting at which the proposed transaction is to be approved. Such a transaction may not be implemented without the approval of the attorney general, or the approval of the court in a proceeding to which the attorney general is made a party. In the event that the attorney general does not deliver a notice of objection in the form of a record to the corporation within twenty days after the delivery to the attorney general of notice of the transaction, approval of the transaction is deemed to have been given.

(5) The notice described in subsection (4) of this section shall include:

(a) A statement specifying how the transaction will comply with subsections (1) through (3) of this section, as applicable; and

(b) A brief description of:

(i) Real property held for charitable purposes by the corporation, and its nature and location;

(ii) Cash, bank deposits, brokerage accounts, or other financial assets held for charitable purposes by the corporation, and their approximate total fair market value;

(iii) Other personal property held for charitable purposes by the corporation, and its nature and approximate total fair market value; and

(iv) Any gift restrictions applicable to any property described in (b)(i) through (iii) of this subsection, and the nature of those restrictions.

(6) An event of domestication or conversion does not affect the applicability of chapter 11.110, 19.09, or 24.55 RCW to any entity. [2021 c 176 § 3304.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.775 Prohibition on financial benefit. A person who is a member, interest holder, or otherwise affiliated with a charitable corporation or an unincorporated entity with charitable purposes may not receive a direct or indirect financial benefit in connection with a transaction governed by RCW 24.03A.755 through 24.03A.880 to which the charitable corporation or unincorporated entity is a party unless the person is itself a charitable corporation, the federal government, a tribal, state, or local government, a governmental subdivision, or an unincorporated entity that has charitable purposes. This section does not apply to the receipt of reasonable compensation for services rendered. [2021 c 176 § 3305.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.780 Voting rights in existing corporations. For any corporation formed before January 1, 2022, any member or other person who is entitled under the articles or bylaws to vote on or approve a merger transaction involving the corporation is deemed entitled, to the same extent, to vote on or approve any transaction under RCW 24.03A.755 through 24.03A.880 involving the corporation. [2021 c 176 § 3306.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.785 Domestication. (1) A foreign nonprofit corporation may become a domestic nonprofit corporation only if the law of the foreign jurisdiction allows the domestication.

(2) A domestic nonprofit corporation may become a foreign nonprofit corporation if the law of the foreign jurisdiction allows the domestication.

(3) Regardless of whether the laws of the foreign jurisdiction require the adoption of a plan of domestication, the domestication must be approved by the corporation's adoption of a plan of domestication in the manner provided in RCW 24.03A.755 through 24.03A.880.

(4) The plan of domestication shall include:

(a) A statement of the jurisdiction in which the corporation is to be domesticated;

(b) The terms and conditions of the domestication;

(c) The manner and basis of canceling or reclassifying the memberships of the corporation following its domestication into memberships, obligations, rights to acquire memberships, cash, other property, or any combination of the foregoing;

(d) If the corporation is a charitable corporation or is holding assets for charitable purposes, a plan setting forth how the corporation will comply with RCW 24.03A.770 (1) through (3); and

(e) Any desired changes to the articles or bylaws of the corporation in connection with its domestication.

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(5) The plan of domestication may also include a provision that the plan may be amended before filing the document required by the laws of this state or the other jurisdiction to consummate the domestication; except that, after approval of the plan by the members, the plan may not be amended without the approval of the members entitled to vote thereon to change:

(a) The amount or kind of memberships, obligations, rights to acquire memberships, cash, or other property to be received by the members under the plan;

(b) The articles as they will be in effect immediately following the domestication, except for changes permitted by RCW 24.03A.655 or by comparable provisions of the laws of the other jurisdiction; or

(c) Any of the other terms or conditions of the plan if the change would adversely affect any of the members in any material respect.

(6) Terms of a plan of domestication may be made dependent upon facts objectively ascertainable outside the plan in accordance with RCW 24.03A.060(3).

(7) If any debt security, note, or similar evidence of indebtedness for money borrowed, whether secured or unsecured, or a contract of any kind, issued, incurred[,] or executed by a domestic nonprofit corporation before January 1, 2022, contains a provision applying to a merger of the corporation and the document does not refer to a domestication of the corporation, then the provision is deemed to apply to a domestication of the corporation until the provision is amended after that date. [2021 c 176 § 3307.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.790 Action on a plan of domestication. In the case of a domestication of a domestic nonprofit corporation in a foreign jurisdiction:

(1) The plan of domestication must be adopted by the board.

(2) If there are no members entitled to vote on the plan, then the plan must be adopted by a vote of the majority of directors then in office. If a membership corporation has no members entitled to vote on the plan, then the corporation shall deliver notice of the proposed domestication to all members of the corporation at least ten days before the meeting at which the board is to adopt the plan.

(3) After adopting the plan of domestication, the board shall submit the plan to the members for their approval, if there are members entitled to vote on the plan. The board shall also transmit to the members a recommendation that the members approve the plan, unless the board determines that, because of conflicts of interest or other special circumstances, it should not make such a recommendation, in which case the board shall transmit to the members the basis for that determination.

(4) The board may condition its submission of the plan of domestication to the members on any basis.

(5) If the approval of the members is to be given at a meeting, then the corporation shall notify each member, whether or not entitled to vote, of the meeting of members at which the plan of domestication is to be submitted for approval. The notice shall state that the purpose, or one of the purposes, of the meeting is to consider the plan and must contain or be accompanied by a copy or summary of the plan.

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The notice shall include a copy of the articles and bylaws as they will be in effect immediately after the domestication. If a summary is provided in lieu of a copy of the plan, then a copy of the plan must be available to members upon request and this fact must be stated in the notice.

(6) Unless the articles or bylaws, or the board acting pursuant to subsection (4) of this section, requires a greater vote or a greater number of votes to be present, the approval of the plan of domestication by the members entitled to vote thereon requires the approval of a majority of those members at a meeting at which a quorum is present, and, if any class of members is entitled to vote as a separate group on the plan, the approval of a majority of the members of each separate voting group entitled to vote at a meeting at which a quorum of the voting group is present.

(7) A separate voting by voting groups is required by each class of members that:

(a) Is to be reclassified under the plan of domestication into a different class of members, or into obligations, rights to acquire memberships, cash, other property, or any combination of the foregoing;

(b) Would be entitled to vote as a separate group on a provision of the plan that, if contained in a proposed amendment to articles of incorporation, would require action by separate voting groups under RCW 24.03A.660; or

(c) Is entitled under the articles or bylaws to vote as a voting group to approve an amendment of the articles.

(8) If any provision of the articles, bylaws, or an agreement to which any of the directors or members are parties, adopted or entered into before January 1, 2022, applies to a merger of the corporation and that document does not refer to a domestication of the corporation, then the provision is deemed to apply to a domestication of the corporation until the provision is later amended. [2021 c 176 § 3308.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.795 Articles of domestication. (1) Articles of domestication must be executed on behalf of the domesticating corporation by an officer or other authorized representative. The articles shall set forth:

(a) The name and jurisdiction of incorporation of the domesticating corporation;

(b) The name and jurisdiction of incorporation of the domesticated entity; and

(c) If the domesticating corporation is a domestic nonprofit corporation, a statement that the plan of domestication was approved in accordance with RCW 24.03A.755 through 24.03A.880 or, if the domesticating corporation is a foreign nonprofit corporation, a statement that the domestication was approved in accordance with the law of its jurisdiction of incorporation.

(2) The articles of domestication must be delivered to the secretary of state for filing, and take effect at the effective time provided in RCW 23.95.210.

(3) If the domesticating corporation is a foreign corporation, then the domesticating corporation must, simultaneously with the delivery of the articles of domestication, deliver articles of incorporation that comply with this title to the secretary of state for filing and the secretary of state shall file the articles. Provisions that would not be required to be included in restated articles of incorporation may be omitted,

except that the name and address of the initial registered agent of the corporation must be included and the name of the corporation must satisfy the requirements of RCW 24.03A.095.

(4) If the domesticating corporation is a registered foreign corporation, then its registration is terminated automatically on the effective date of its domestication, and the secretary of state shall record the termination of the registration. [2021 c 176 § 3309.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.800 Effect of domestication. (1) Except as provided in RCW 24.03A.770, when a domestication becomes effective:

(a) The title to all real and personal property, both tangible and intangible, of the domesticating corporation remains in the domesticated corporation without reversion or impairment;

(b) The liabilities of the domesticating corporation remain the liabilities of the domesticated corporation;

(c) An action or proceeding pending against the domesticating corporation continues against the domesticated corporation as if the domestication had not occurred;

(d) The articles of incorporation filed pursuant to RCW 24.03A.795(3) constitute the articles of a foreign corporation domesticating in Washington state;

(e) The memberships in the domesticating corporation are reclassified into memberships, obligations, rights to acquire memberships, or cash or other property in accordance with the terms of the domestication, and the members are entitled only to the rights provided by those terms;

(f) Gift restrictions binding the domestic corporation remain in place as if the domestication had not occurred, unless modified in accordance with RCW 24.03A.190;

(g) A devise, bequest, gift, grant, or promise contained in a will or other instrument, in trust or otherwise, made to or for the domesticating corporation before or after the domestication, inures to the domesticated corporation, subject to the express terms of the will or other instrument; and

(h) The domesticating corporation is deemed to be:

(i) Incorporated under and subject to the organic law of the domesticated corporation for all purposes; and

(ii) The same corporation without interruption as the domesticating corporation.

(2) The interest holder liability of a member in a foreign nonprofit corporation that is domesticated in the state of Washington is as follows:

(a) The domestication does not discharge any interest holder liability under the laws of the foreign jurisdiction to the extent the interest holder liability arose before the effective time of the articles of domestication.

(b) The member does not have interest holder liability under the laws of the foreign jurisdiction for any debt, obligation, or liability of the corporation that arises after the effective time of the articles of domestication.

(c) The provisions of the laws of the foreign jurisdiction continue to apply to the collection or discharge of any interest holder liability preserved by (a) of this subsection, as if the domestication had not occurred.

(d) The domestication has no effect on any member's rights of contribution from other members provided by the

laws of the foreign jurisdiction with respect to any interest holder liability preserved by (a) of this subsection. [2021 c 176 § 3310.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.805 Abandonment of domestication. (1)

Unless otherwise provided in a plan of domestication of a domestic nonprofit corporation, after the plan has been adopted and approved as required by RCW 24.03A.755 through 24.03A.880, and at any time before the domestication has become effective, it may be abandoned by the members if there are members entitled to vote on the plan of domestication, or by the board without action by members.

(2) If a domestication is abandoned under subsection (1) of this section after articles of domestication have been filed by the secretary of state but before the domestication has become effective, then a statement that the domestication has been abandoned in accordance with this section, executed by an officer or other authorized representative, must be delivered to the secretary of state for filing before the effective date of the domestication. The statement takes effect upon filing and the domestication is abandoned and does not become effective.

(3) If the domestication of a foreign nonprofit corporation in Washington state is abandoned in accordance with the laws of the foreign jurisdiction after articles of domestication have been filed by the secretary of state, then a statement that the domestication has been abandoned, executed by an officer or other authorized representative, must be delivered to the secretary of state for filing. The statement takes effect upon filing and the domestication is abandoned and does not become effective. [2021 c 176 § 3311.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.810 For-profit conversion of noncharitable corporations. (1) A domestic nonprofit corporation, other than a charitable corporation, may become a domestic for-profit corporation pursuant to a plan of for-profit conversion if the for-profit conversion is permitted under Title 23B RCW.

(2) A domestic nonprofit corporation, other than a charitable corporation, may become a foreign for-profit corporation if the for-profit conversion is permitted by the laws of the foreign jurisdiction. Regardless of whether the laws of the foreign jurisdiction require the adoption of a plan of for-profit conversion, the foreign for-profit conversion must be approved by the adoption by the domestic nonprofit corporation of a plan of for-profit conversion in the manner provided in RCW 24.03A.755 through 24.03A.880.

(3) The plan of for-profit conversion shall include:

- (a) The terms and conditions of the conversion;
- (b) The manner and basis of:

(i) Issuing at least one share in the corporation following its conversion; and

(ii) Otherwise reclassifying the memberships in the corporation, if any, following its conversion into shares and other securities, obligations, rights to acquire shares or other securities, cash, other property, or any combination of the foregoing;

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(c) If the corporation is holding assets for charitable purposes, a plan setting forth how the corporation will comply with RCW 24.03A.770 (1) through (3);

(d) Any desired changes to the articles or bylaws of the corporation following its conversion; and

(e) If the domestic nonprofit corporation is to be converted to a foreign for-profit corporation, a statement of the jurisdiction in which the corporation will be incorporated after the conversion.

(4) The plan of for-profit conversion may also include a provision that the plan may be amended before filing articles of for-profit conversion, except that after approval of the plan by the members the plan may not be amended without the approval of the members to change:

(a) The amount or kind of shares and other securities, obligations, rights to acquire shares or other securities, cash, or other property to be received by the members under the plan;

(b) The articles of incorporation as they will be in effect immediately following the conversion, except for changes permitted by RCW 24.03A.655; or

(c) Any of the other terms or conditions of the plan if the change would adversely affect any of the members in any material respect.

(5) Terms of a plan of for-profit conversion may be made dependent upon facts objectively ascertainable outside the plan in accordance with RCW 24.03A.060(3).

(6) If any debt security, note, or similar evidence of indebtedness for money borrowed, whether secured or unsecured, or a contract of any kind, issued, incurred, or executed by a domestic nonprofit corporation before January 1, 2022, contains a provision applying to a merger of the corporation and the document does not refer to a for-profit conversion of the corporation, then the provision is deemed to apply to a for-profit conversion of the corporation until the provision is later amended. [2021 c 176 § 3312.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.815 Action on a plan of for-profit conversion.

In the case of a conversion of a domestic nonprofit corporation to a domestic or foreign for-profit corporation:

(1) The plan of for-profit conversion must be adopted by the board.

(2) If there are no members entitled to vote on the plan, then the plan must be adopted by a vote of the majority of directors then in office. If a membership corporation has no members entitled to vote on the plan, then the corporation shall deliver notice of the proposed for-profit conversion to all members of the corporation at least ten days before the meeting at which the board is to adopt the plan.

(3) After adopting the plan of for-profit conversion, the board shall submit the plan to the members for their approval if there are members entitled to vote on the plan. The board shall also deliver to the members a recommendation that the members approve the plan, unless the board determines that because of conflicts of interest or other special circumstances, it should not make such a recommendation, in which case the board shall deliver to the members the basis for that determination.

(4) The board may condition its submission of the plan of for-profit conversion to the members on any basis.

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(5) If the approval of the members is to be given at a meeting, then the corporation shall notify each member of the meeting of members at which the plan of for-profit conversion is to be submitted for approval. The notice shall state that the purpose, or one of the purposes, of the meeting is to consider the plan and must contain or be accompanied by a copy or summary of the plan. The notice shall include a copy of the articles as they will be in effect immediately after the for-profit conversion. If a summary is provided in lieu of a copy of the plan, then a copy of the plan must be available to members upon request and this fact must be stated in the notice.

(6) Unless the articles or bylaws, or the board acting pursuant to subsection (4) of this section, require a greater vote or a greater number of votes to be present, the approval of the plan of for-profit conversion by the members entitled to vote thereon requires approval of a majority of those members at a meeting at which a quorum is present, and, if any class of members is entitled to vote as a separate group on the plan of for-profit conversion, the approval of a majority of the members of each separate voting group entitled to vote at a meeting at which a quorum of the voting group is present.

(7) If any provision of the articles, bylaws, or an agreement to which any of the directors or members are parties, adopted or entered into before January 1, 2022, applies to a merger of the corporation and the document does not refer to a for-profit conversion of the corporation, then the provision is deemed to apply to a for-profit conversion of the corporation until the provision is later amended. [2021 c 176 § 3313.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.820 Articles of for-profit conversion. (1) Articles of for-profit conversion must be executed on behalf of the converting corporation by an officer of the corporation. The articles shall set forth:

(a) If the surviving corporation is a domestic business corporation, the name of the corporation immediately before the filing of the articles of for-profit conversion and if that name does not satisfy the requirements of RCW 23B.04.010, or the corporation desires to change its name in connection with the conversion, a name that satisfies the requirements of RCW 23B.04.010;

(b) Whether the corporation is holding assets for charitable purposes;

(c) If the corporation is holding assets for charitable purposes, that the attorney general has approved, or is deemed to have approved, the for-profit conversion pursuant to RCW 24.03A.770(4);

(d) If the surviving corporation is a foreign for-profit corporation, its name after the conversion and its jurisdiction of incorporation;

(e) If the nonprofit corporation has members with voting rights with respect to the for-profit conversion, a statement that the plan of for-profit conversion was approved by the members in the manner required by this chapter and the articles or bylaws; and

(f) Where there are no members or no members having voting rights with respect to the for-profit conversion, a statement to that effect, the date of the meeting of the board at which the amendment was adopted, and a statement that the

amendment received the vote of a majority of directors in office.

(2) If the surviving corporation is a domestic for-profit corporation, then the articles of for-profit conversion shall either contain all of the provisions that RCW 23B.02.020 requires to be set forth in articles of incorporation of a domestic for-profit corporation and any other desired provisions permitted under Title 23B RCW, or have attached articles of incorporation that satisfy the requirements of RCW 23B.02.020. In either case, provisions that would not be required to be included in restated articles of incorporation of a domestic for-profit corporation may be omitted, except that the name and address of the initial registered agent of the for-profit corporation must be included.

(3) The articles of for-profit conversion and articles of incorporation, if a separate document, must be delivered to the secretary of state for filing, and take effect at the effective time provided in RCW 23.95.210. [2021 c 176 § 3314.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.825 Effect of for-profit conversion. (1) Except as provided in RCW 24.03A.770, when a conversion of a domestic nonprofit corporation to a domestic or foreign for-profit corporation becomes effective:

(a) The title to all real and personal property, both tangible and intangible, of the corporation remains in the corporation without reversion or impairment;

(b) The liabilities of the corporation remain the liabilities of the corporation;

(c) An action or proceeding pending against the corporation continues against the corporation as if the conversion had not occurred;

(d) The articles of the domestic or foreign for-profit corporation become effective;

(e) The memberships of the corporation are reclassified into shares or other securities, obligations, rights to acquire shares or other securities, or into cash or other property in accordance with the plan of conversion, and the members are entitled only to the rights provided in the plan of for-profit conversion;

(f) A devise, bequest, gift, grant, or promise contained in a will or other instrument, in trust or otherwise, made to or for the corporation before or after the for-profit conversion, continues to inure to the corporation, subject to the express terms of the will or other instrument; and

(g) The corporation is deemed to:

(i) Be a domestic or foreign for-profit corporation for all purposes; and

(ii) Be the same corporation without interruption as the nonprofit corporation.

(2) The interest holder liability of a member in a domestic nonprofit corporation that converts to a domestic for-profit corporation is as follows:

(a) The conversion does not discharge any interest holder liability of the member as a member of the nonprofit corporation to the extent the interest holder liability arose before the effective time of the articles of for-profit conversion.

(b) The member does not have interest holder liability for any debt, obligation, or liability of the for-profit corporation that arises after the effective time of the articles of for-profit conversion.

(c) The laws of this state continue to apply to the collection or discharge of any interest holder liability preserved by (a) of this subsection, as if the conversion had not occurred.

(d) The member has whatever rights of contribution from other members are provided by the laws of this state with respect to any interest holder liability preserved by (a) of this subsection, as if the conversion had not occurred.

(3) A member who becomes subject to interest holder liability for some or all of the debts, obligations, or liabilities of the for-profit corporation has interest holder liability only for those debts, obligations, or liabilities of the for-profit corporation that arise after the effective time of the articles of for-profit conversion. [2021 c 176 § 3315.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.830 Abandonment of for-profit conversion.

(1) Unless otherwise provided in a plan of for-profit conversion of a domestic nonprofit corporation, after the plan has been adopted and approved as required by RCW 24.03A.755 through 24.03A.880, and at any time before the for-profit conversion has become effective, it may be abandoned by the members if there are members entitled to vote on the for-profit conversion, or by the board without action by members.

(2) If a for-profit conversion is abandoned under subsection (1) of this section after articles of for-profit conversion have been filed by the secretary of state but before the for-profit conversion has become effective, then a statement that the for-profit conversion has been abandoned in accordance with this section, executed by an officer of the corporation, must be delivered to the secretary of state for filing before the effective date of the for-profit conversion. The statement takes effect upon filing and the for-profit conversion is abandoned and does not become effective. [2021 c 176 § 3316.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.835 For-profit domestication and conversion.

A foreign for-profit corporation may become a domestic nonprofit corporation if the domestication and conversion is permitted by the law of the foreign jurisdiction. [2021 c 176 § 3317.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.840 Articles of domestication and conversion.

(1) Articles of domestication and conversion must be executed on behalf of the domesticating and converting corporation by an officer or other authorized representative. The articles shall set forth:

(a) The name of the corporation immediately before the filing of the articles of domestication and conversion and, if that name is unavailable for use in Washington state or the corporation desires to change its name in connection with the domestication and conversion, a name that satisfies the requirements of RCW 24.03A.095;

(b) The jurisdiction of incorporation of the corporation immediately before the filing of the articles of domestication and conversion and the date the corporation was incorporated in that jurisdiction; and

(c) A statement that the domestication and conversion of the corporation in this state was authorized as required by the laws of the jurisdiction in which the corporation was incorpo-

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rated immediately before its domestication and conversion in Washington state.

(2) The articles of domestication and conversion shall either contain all of the provisions that RCW 24.03A.100(1) requires to be set forth in articles of incorporation and any other desired provisions that RCW 24.03A.100 (2) and (3) permit to be included in articles of incorporation, or have attached articles of incorporation that comply with this chapter. In either case, provisions that would not be required to be included in restated articles of incorporation may be omitted, except that the name and address of the initial registered agent of the domestic nonprofit corporation must be included.

(3) If the domesticating corporation is a foreign corporation, then the domesticating corporation must, simultaneously with the delivery of the articles of domestication and conversion, deliver articles of incorporation that comply with this chapter to the secretary of state for filing and the secretary of state shall file the articles. Provisions that would not be required to be included in restated articles of incorporation may be omitted, except that the name and address of the initial registered agent of the corporation must be included and the name of the corporation must satisfy the requirements of RCW 24.03A.095.

(4) If the foreign for-profit corporation is authorized to transact business in Washington state under chapter 23B.01 RCW, then its registration shall be terminated automatically on the effective date of its domestication and conversion and the secretary of state shall record the termination of registration. [2021 c 176 § 3318.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.845 Effect of for-profit domestication and conversion. (1) When a domestication and conversion of a foreign for-profit corporation to a domestic nonprofit corporation becomes effective:

(a) The title to all real and personal property, both tangible and intangible, of the corporation remains in the corporation without reversion or impairment;

(b) The liabilities of the corporation remain the liabilities of the corporation;

(c) An action or proceeding pending against the corporation continues against the corporation as if the domestication and conversion had not occurred;

(d) The articles of domestication and conversion, or the articles attached to the articles of domestication and conversion, constitute the articles of incorporation of the corporation;

(e) Memberships, securities, obligations, rights to acquire memberships or securities of the corporation, or cash or other property must be issued or paid as provided pursuant to the laws of the foreign jurisdiction;

(f) A devise, bequest, gift, grant, or promise contained in a will or other instrument, in trust or otherwise, made to or for the foreign for-profit corporation before or after the domestication and conversion, inures to the domestic nonprofit corporation, subject to the express terms of the will or other instrument and to applicable law of the foreign jurisdiction; and

(g) The corporation is deemed to be:

(i) A domestic corporation for all purposes; and

(ii) The same corporation without interruption as the foreign for-profit corporation.

(2) The interest holder liability of a shareholder of the foreign for-profit corporation who becomes a member of the domestic nonprofit corporation in the domestication and conversion is as follows:

(a) The domestication and conversion does not discharge any interest holder liability under the laws of the foreign jurisdiction to the extent the interest holder liability arose before the effective time of the articles of domestication and conversion.

(b) The member does not have interest holder liability under the laws of the foreign jurisdiction for any debt, obligation, or liability of the corporation that arises after the effective time of the articles of domestication and conversion.

(c) The provisions of the laws of the foreign jurisdiction continue to apply to the collection or discharge of any interest holder liability preserved by (a) of this subsection, as if the domestication and conversion had not occurred.

(d) The member has whatever rights of contribution from other members are provided by the laws of the foreign jurisdiction with respect to any interest holder liability preserved by (a) of this subsection, as if the domestication and conversion had not occurred.

(3) A shareholder of a foreign for-profit corporation who becomes subject to interest holder liability for some or all of the debts, obligations, or liabilities of the corporation as a result of its domestication and conversion in this state has interest holder liability only for those debts, obligations, or liabilities of the corporation that arise after the effective time of the articles of domestication and conversion. [2021 c 176 § 3319.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.850 Abandonment of for-profit domestication and conversion. If the domestication and conversion of a foreign for-profit corporation to a domestic nonprofit corporation is abandoned in accordance with the laws of the foreign jurisdiction after articles of domestication and conversion have been filed by the secretary of state, then a statement that the domestication and conversion has been abandoned, executed by an officer or other authorized representative, must be delivered to the secretary of state for filing. The statement takes effect upon filing and the domestication and conversion is abandoned and does not become effective. [2021 c 176 § 3320.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.855 Entity conversion for noncharitable corporations. (1) A domestic nonprofit corporation, other than a charitable corporation, may become a domestic unincorporated entity pursuant to a plan of entity conversion only if the entity conversion is permitted under the organic law governing the entity that would survive the entity conversion.

(2) A domestic nonprofit corporation, other than a charitable corporation, may become a foreign unincorporated entity if the entity conversion is permitted by the laws of the foreign jurisdiction.

(3) A domestic unincorporated entity may be converted into a domestic nonprofit corporation only if applicable

Washington state law provides procedures for the approval of an entity conversion into a domestic nonprofit corporation.

(4) A foreign unincorporated entity may become a domestic nonprofit corporation if the law of the foreign jurisdiction authorizes it to become a nonprofit corporation in another jurisdiction.

(5) If any provision of a debt security, note, or similar evidence of indebtedness for money borrowed, whether secured or unsecured, or a contract of any kind, issued, incurred, or executed by a domestic nonprofit corporation before January 1, 2022, applies to a merger of the corporation and the document does not refer to an entity conversion of the corporation, then the provision is deemed to apply to an entity conversion of the corporation until the provision is later amended. [2021 c 176 § 3321.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.860 Plan of entity conversion. (1) A plan of entity conversion shall include:

(a) A statement of the type of unincorporated entity the surviving entity will be and, if it will be a foreign unincorporated entity, its jurisdiction of organization;

(b) The terms and conditions of the conversion;

(c) The manner and basis of converting the memberships in the domestic nonprofit corporation following its conversion into interests or other securities, obligations, rights to acquire interests or other securities, cash, other property, or any combination of the foregoing;

(d) If the corporation is holding assets for charitable purposes, a plan setting forth how the corporation will comply with RCW 24.03A.770 (1) through (3); and

(e) The full text, as they will be in effect immediately following the conversion, of the organic documents of the surviving entity.

(2) The plan of entity conversion may also include a provision that the plan may be amended before filing articles of entity conversion, except that after approval of the plan by the members the plan may not be amended to change:

(a) The amount or kind of memberships or other securities, interests, obligations, rights to acquire memberships, securities, or interests, cash, or other property to be received under the plan by the members;

(b) The organic documents that will be in effect immediately following the conversion, except for changes permitted by a provision of the organic law of the surviving entity comparable to RCW 24.03A.655(2); or

(c) Any of the other terms or conditions of the plan if the change would adversely affect any of the members in any material respect.

(3) Terms of a plan of entity conversion may be made dependent upon facts objectively ascertainable outside the plan in accordance with RCW 24.03A.060(3). [2021 c 176 § 3322.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.865 Action on a plan of entity conversion. In the case of an entity conversion of a domestic nonprofit corporation to a domestic or foreign unincorporated entity:

(1) The plan of entity conversion must be adopted by a vote of the majority of the directors in office.

(2) If there are no members entitled to vote on the plan, then the plan must be adopted by a vote of the majority of directors then in office. If a membership corporation has no members entitled to vote on the plan, then the corporation shall deliver notice of the proposed entity conversion to all members of the corporation at least ten days before the meeting at which the board is to adopt the plan.

(3) After adopting the plan of entity conversion, the board shall submit the plan to the members for their approval if there are members entitled to vote on the plan. The board shall also deliver to the members a recommendation that the members approve the plan, unless the board determines that because of conflicts of interest or other special circumstances it should not make such a recommendation, in which case the board shall deliver to the members the basis for that determination.

(4) The board may condition its submission of the plan of entity conversion to the members on any basis.

(5) If the approval of the members is to be given at a meeting, then the corporation shall notify each member, whether or not entitled to vote, of the meeting of members at which the plan of entity conversion is to be submitted for approval. The notice shall state that the purpose, or one of the purposes, of the meeting is to consider the plan and must contain or be accompanied by a copy or summary of the plan. The notice shall include a copy of the organic documents as they will be in effect immediately after the entity conversion. The notice may additionally be accompanied by a summary of the required materials. If a summary is provided in lieu of a copy of the plan, then a copy of the plan must be available to members upon request and this fact must be stated in the notice. Such copy of the plan may be made available to members electronically.

(6) Unless the articles, or the board acting pursuant to subsection (3) of this section, requires a greater vote or a greater number of votes to be present, the approval of the plan of entity conversion by the members entitled to vote thereon requires the approval of a majority of those members at a meeting at which a quorum is present, and, if any class of members is entitled to vote as a separate group on the plan of entity conversion, the approval of a majority of the members of each separate voting group entitled to vote at a meeting at which a quorum of the voting group is present.

(7) If any provision of the articles, bylaws, or an agreement to which any of the directors or members are parties, adopted or entered into before January 1, 2022, applies to an entity conversion of the corporation and the document does not refer to an entity conversion of the corporation, then the provision is deemed to apply to an entity conversion of the corporation until the provision is later amended.

(8) If, as a result of the conversion, one or more members of the corporation would become subject to interest holder liability for the debts, obligations, or liabilities of any other person or entity, then approval of the plan of conversion requires the execution, by each affected member, of a separate written consent to become subject to interest holder liability. [2021 c 176 § 3323.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.870 Articles of entity conversion. (1) After the conversion of a domestic nonprofit corporation to a domestic (2022 Ed.)

or foreign unincorporated entity has been adopted and approved as required under RCW 24.03A.755 through 24.03A.880, articles of entity conversion must be executed on behalf of the converting corporation by an officer of the corporation. The articles must:

(a) Set forth the name of the corporation immediately before the filing of the articles of entity conversion and the name to which the name of the corporation is to be changed, which must be a name that satisfies the organic law of the surviving entity if the surviving entity is a domestic entity;

(b) State whether the corporation is holding assets for charitable purposes;

(c) If the corporation is holding assets for charitable purposes, state that the attorney general has approved, or is deemed to have approved, the entity conversion pursuant to RCW 24.03A.770(4);

(d) State the type of unincorporated entity that the surviving entity will be and its jurisdiction of organization;

(e) State that the plan of entity conversion was approved in the manner required by this chapter; and

(f) If the surviving entity is a domestic filing entity, either contain all of the provisions required to be set forth in its public organic record and any other desired provisions that are permitted, or have attached a public organic record.

(2) After the conversion of a domestic unincorporated entity to a domestic nonprofit corporation has been adopted and approved as required by the organic law of the unincorporated entity, articles of entity conversion must be executed on behalf of the unincorporated entity by an officer or other authorized representative. The articles must:

(a) Set forth the name of the unincorporated entity immediately before the filing of the articles of entity conversion and the name to which the name of the unincorporated entity is to be changed, which must be a name that satisfies the requirements of RCW 24.03A.095;

(b) Set forth a statement that the plan of entity conversion was approved in accordance with the organic law of the unincorporated entity; and

(c) Either contain all of the provisions that RCW 24.03A.100(1) requires to be set forth in articles of incorporation and any other desired provisions that RCW 24.03A.100 (2) and (3) permit to be included in articles of incorporation, or have attached articles of incorporation that comply with this chapter 176, Laws of 2021.

(3) After the conversion of a foreign unincorporated entity to a domestic nonprofit corporation has been authorized as required by the laws of the foreign jurisdiction, articles of entity conversion must be executed on behalf of the foreign unincorporated entity by an officer or other authorized representative. The articles must:

(a) Set forth the name of the unincorporated entity immediately before the filing of the articles of entity conversion and the name to which the name of the unincorporated entity is to be changed, which must be a name that satisfies the requirements of RCW 24.03A.095;

(b) Set forth the jurisdiction under the laws of which the unincorporated entity was organized immediately before the filing of the articles of entity conversion and the date on which the unincorporated entity was organized in that jurisdiction;

(c) Set forth a statement that the conversion of the unincorporated entity was approved in the manner required by the law of the foreign jurisdiction; and

(d) Either contain all of the provisions that RCW 24.03A.100(1) requires to be set forth in articles of incorporation and any other desired provisions that RCW 24.03A.100 (2) and (3) permit to be included in articles of incorporation, or have attached articles of incorporation that comply with chapter 176, Laws of 2021; except that, in either case, provisions that would not be required to be included in restated articles of incorporation of a domestic nonprofit corporation may be omitted.

(4) The articles of entity conversion and articles of incorporation must be simultaneously delivered to the secretary of state for filing. The articles of entity conversion and articles of incorporation take effect at the effective time provided in RCW 23.95.210. Articles of entity conversion filed under subsection (1) or (2) of this section may be combined with any required conversion filing under the organic law of the domestic unincorporated entity if the combined filing satisfies the requirements of both this section and the other organic law.

(5) If the converting entity is a foreign unincorporated entity that is registered to do business in this state under chapter 23.95 RCW, then its registration statement is canceled automatically on the effective date of its conversion. [2021 c 176 § 3324.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.875 Effect of entity conversion. (1) Except as provided in RCW 24.03A.770, when a conversion under RCW 24.03A.755 through 24.03A.880 becomes effective:

(a) The title to all real and personal property, both tangible and intangible, of the converting entity remains in the surviving entity without reversion or impairment;

(b) The liabilities of the converting entity remain the liabilities of the surviving entity;

(c) An action or proceeding pending against the converting entity continues against the surviving entity as if the conversion had not occurred;

(d) In the case of a surviving entity that is a filing entity, its articles or public organic record and its private organic rules become effective;

(e) In the case of a surviving entity that is a nonfiling entity, its private organic rules become effective;

(f) The memberships or interests of the converting entity are reclassified into memberships, interests, other securities, obligations, rights to acquire memberships, interests, or securities, or into cash or other property in accordance with the plan of conversion; and the members or interest holders of the converting entity are entitled only to the rights provided to them under the terms of the conversion and to any appraisal rights they may have under the organic law of the converting entity;

(g) A devise, bequest, gift, grant, or promise contained in a will or other instrument, in trust or otherwise, made to or for the converting entity before or after the conversion, inures to the surviving entity, subject to the express terms of the will or other instrument; and

(h) The surviving entity is deemed to be:

(i) Incorporated or organized under and subject to the organic law of the converting entity for all purposes; and

(ii) The same nonprofit corporation or unincorporated entity without interruption as the converting entity.

(2) A member who becomes subject to interest holder liability for some or all of the debts, obligations, or liabilities of the surviving entity has interest holder liability only for those debts, obligations, or liabilities of the surviving entity that arise after the effective time of the articles of entity conversion.

(3) The interest holder liability of an interest holder in an unincorporated entity that converts to a domestic nonprofit corporation is as follows:

(a) The conversion does not discharge any interest holder liability under the organic law of the unincorporated entity to the extent the interest holder liability arose before the effective time of the articles of entity conversion.

(b) The interest holder does not have interest holder liability under the organic law of the unincorporated entity for any debt, obligation, or liability of the corporation that arises after the effective time of the articles of entity conversion.

(c) The provisions of the organic law of the unincorporated entity continue to apply to the collection or discharge of any interest holder liability preserved by (a) of this subsection, as if the conversion had not occurred.

(d) The interest holder has whatever rights of contribution from other interest holders are provided by the organic law of the unincorporated entity with respect to any interest holder liability preserved by (a) of this subsection, as if the conversion had not occurred. [2021 c 176 § 3325.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.880 Abandonment of entity conversion. (1) Unless otherwise provided in a plan of entity conversion of a domestic nonprofit corporation, after the plan has been adopted and approved as required by RCW 24.03A.755 through 24.03A.880, and at any time before the entity conversion has become effective, it may be abandoned by the members if there are members entitled to vote, or by the board without action by the members.

(2) If an entity conversion is abandoned after articles of entity conversion have been filed by the secretary of state but before the entity conversion has become effective, then a statement that the entity conversion has been abandoned in accordance with this section, executed by an officer of the corporation, must be delivered to the secretary of state for filing before the effective date of the entity conversion. Upon filing, the statement takes effect and the entity conversion is abandoned and does not become effective. [2021 c 176 § 3326.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

ARTICLE 4 DISPOSITION OF ASSETS

24.03A.885 Dispositions not requiring member approval. Unless the articles or bylaws otherwise provide, approval of the members of a nonprofit corporation is not required:

(1) To sell, lease, exchange, or otherwise dispose of any or all of the corporation's assets:

- (a) In the usual and regular course of its activities; or
- (b) If the assets disposed of represent less than fifty percent of the total assets of the corporation and its consolidated subsidiaries, determined as of the end of the most recently completed fiscal year;
- (2) To mortgage, pledge, dedicate to the repayment of indebtedness whether with or without recourse, or otherwise encumber any or all of the corporation's assets, whether or not in the usual and regular course of business its activities; or
- (3) To transfer any or all of the corporation's assets to one or more corporations or other entities all of the memberships or interests of which are owned by the corporation. [2021 c 176 § 3401.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.890 Dispositions requiring member approval. (1) A sale, lease, exchange, or other disposition of assets, other than a disposition described in RCW 24.03A.885, requires approval of the corporation's members that are entitled to vote on the disposition, unless the articles or bylaws otherwise provide.

(2) A disposition that requires approval of the members must be initiated by a resolution by the board authorizing the disposition. After adoption of the resolution, the board shall submit the proposed disposition to the members for their approval. The board shall also deliver to the members a recommendation that the members approve the proposed disposition, unless the board makes a determination that because of conflicts of interest or other special circumstances it should not make a recommendation, in which case the board shall deliver to the members the basis for that determination.

(3) The board may condition its submission of a disposition to the members under subsection (2) of this section on any basis.

(4) If a disposition is required to be approved by the members, and if the approval is to be given at a meeting, then the nonprofit corporation shall give notice to each member, whether or not entitled to vote, of the meeting of members at which the disposition is to be submitted for approval. The notice shall state that the purpose, or one of the purposes, of the meeting is to consider the disposition and must contain a description of the disposition, including the terms and conditions thereof and the consideration to be received by the corporation.

(5) Unless the articles, bylaws, or the board acting pursuant to subsection (3) of this section requires a greater vote, or a greater number of votes to be present, the approval of a disposition by the members entitled to vote thereon requires the approval of a majority of those members at a meeting at which a quorum is present, and, if any class of members is entitled to vote as a separate group on the disposition, the approval of a majority of the members of each separate voting group entitled to vote at a meeting at which a quorum of the voting group is present.

(6) If a membership corporation has no members entitled to vote on a disposition, then the corporation shall deliver notice of a proposed disposition to all members of the corporation at least ten days before the meeting at which the board is to act upon the disposition.

(7) After a disposition has been approved by the members under subsection (5) of this section, and at any time before the disposition has been consummated, it may be abandoned by the nonprofit corporation without action by the members, subject to any contractual rights of other parties to the disposition.

(8) In addition to the approval of a disposition of assets by the board and members as required by this section, the disposition must also be approved in the form of a record by any person or group of persons whose approval is required under RCW 24.03A.705 to amend the articles or bylaws.

(9) The assets of a direct or indirect consolidated subsidiary are deemed the assets of the parent nonprofit corporation for the purposes of this section.

(10) A disposition of assets in the course of a dissolution governed by RCW 24.03A.904 through 24.03A.926 is not governed by RCW 24.03A.885 through 24.03A.902. [2021 c 176 § 3402.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.895 Effect of dispositions. Unless a domestic entity that is a party to a disposition of assets obtains an appropriate order of the court or approval from the attorney general under the law of this state, a disposition of assets under RCW 24.03A.885 through 24.03A.902 may not affect:

(1) Any restriction imposed upon the entity by its organic documents or other governing authority that may not be amended by its directors, members, or interest holders; or

(2) The existing rights of persons other than members, shareholders, or interest holders of the entity. [2021 c 176 § 3403.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.900 Property held for charitable purposes. (1) In a disposition of assets under RCW 24.03A.885 through 24.03A.902, property held for charitable purposes by a nonprofit corporation may not be diverted from charitable purposes.

(2) Property held by a nonprofit corporation and restricted to charitable purposes by a gift instrument may not be diverted from the restricted charitable purpose by a disposition of assets under RCW 24.03A.885 through 24.03A.902 unless modified in accordance with RCW 24.03A.190.

(3) Property held for charitable purposes pursuant to a trust instrument governed by chapter 11.110 RCW in which the nonprofit corporation is a trustee or a beneficiary may not be diverted from the charitable purposes specified in the trust instrument unless those purposes are modified by the court or pursuant to an agreement between all interested parties, including the attorney general, under chapter 11.96A RCW.

(4) Property held by a nonprofit corporation for charitable purposes upon condition requiring return, transfer, or conveyance, which condition occurs by reason of a disposition of assets under RCW 24.03A.885 through 24.03A.902, must be returned, transferred, or conveyed in accordance with that condition.

(5) A charitable corporation or a corporation holding property for charitable purposes shall deliver to the attorney general of its intent to consummate a disposition, other than a disposition described in RCW 24.03A.885. The notice must be delivered to the attorney general in the form of a record at

least twenty days before the meeting at which the proposed disposition is to be approved. Such a disposition may not be implemented without the approval of the attorney general, or the approval of the court in a proceeding to which the attorney general is made a party. In the event that the attorney general does not deliver a notice of objection in the form of a record to the corporation within twenty days after the delivery to the attorney general of notice of the disposition, approval of the disposition is deemed to have been given.

(6) The notice described in subsection (5) of this section shall include:

(a) A statement specifying how the disposition will comply with subsections (1) through (4) of this section; and

(b) A brief description of:

(i) Real property held for charitable purposes that will be included in the disposition, and its nature and location;

(ii) Cash, bank deposits, brokerage accounts, or other financial assets held for charitable purposes that will be included in the disposition in full or in part, and their approximate total fair market value;

(iii) Other personal property held for charitable purposes that will be included in the disposition, and its nature and approximate total fair market value; and

(iv) Any gift restrictions applicable to any property described in (b)(i) through (iii) of this subsection, and the nature of those restrictions. [2021 c 176 § 3404.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.902 Prohibition of financial benefit. A person who is a member or otherwise affiliated with a charitable corporation may not receive a direct or indirect financial benefit in connection with a disposition of assets governed by RCW 24.03A.885 through 24.03A.902 unless the person is a charitable corporation, the federal government, a tribal government, a state or local government, a governmental subdivision, or an unincorporated entity that has charitable purposes. This section does not apply to the receipt of reasonable compensation for services rendered. [2021 c 176 § 3405.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

ARTICLE 5 VOLUNTARY DISSOLUTION

24.03A.904 Authorization of voluntary dissolution.

(1) Unless the articles or bylaws require a greater vote, a majority of the directors in office of a nonprofit corporation may authorize the dissolution of any nonprofit corporation that is not a membership corporation or is a membership corporation but has no members entitled to vote on its dissolution.

(2) If a membership corporation has no members entitled to vote on dissolution, then the corporation shall deliver notice of the proposed dissolution to all members of the corporation at least ten days before the meeting at which the board is to authorize the dissolution.

(3) For a membership corporation that has members that are entitled to vote on its dissolution:

(a) The board may propose dissolution for submission to the members entitled to vote, and for such a proposal to dissolve to be authorized:

(i) The board shall recommend dissolution to the members entitled to vote on the dissolution, unless the board 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 members entitled to vote on the dissolution;

(ii) The board may condition its submission of the proposal for dissolution on any basis, including approval of the proposed plan of distribution if required under RCW 24.03A.906;

(iii) The nonprofit corporation shall give notice to each member, whether or not entitled to vote, of the proposed meeting of members that includes the following statements:

(A) That the purpose, or one of the purposes, of the meeting is to consider dissolving the corporation; and

(B) How the assets of the corporation will be distributed after all creditors have been paid or how the distribution of assets will be determined; and

(iv) The members entitled to vote on the dissolution shall approve the proposal to dissolve as provided in (b) of this subsection.

(b) Unless the articles, the bylaws, or the board acting pursuant to (a)(ii) of this subsection requires a greater vote or a greater number of members to be present, the adoption of the proposal to dissolve by the members entitled to vote thereon requires the approval of at least a majority of those members at a meeting at which a quorum is present, and, if any class of members is entitled to vote as a separate group on the proposal, the approval by a majority of the members in each separate voting group entitled to vote at a meeting at which a quorum of the voting group is present. [2021 c 176 § 3501.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.906 Distribution of assets on dissolution. The assets of a corporation in the process of dissolution shall be applied and distributed in the following order:

(1) All known liabilities and obligations of the corporation must be paid, satisfied, and discharged, or adequate provision must be made to pay, satisfy, and discharge those liabilities.

(2) All property held for charitable purposes by the corporation, including all assets of a charitable corporation remaining after satisfaction of subsection (1) of this section, must be applied and distributed consistently with the corporation's articles, such that property is not diverted from charitable purposes, and as follows:

(a) Property held for charitable purposes pursuant to a trust instrument in which the nonprofit corporation is a trustee or a beneficiary must be governed by and distributed in accordance with the trust instrument and chapter 11.110 RCW, and any modification of restrictions imposed through the trust instrument accomplished through an appropriate order of the court or the agreement of all interested parties, including the attorney general, pursuant to chapter 11.96A RCW.

(b) Property owned outright and held for charitable purposes, but not held upon a condition requiring return, transfer, or conveyance by reason of the dissolution and not subject to any gift restriction, must be transferred or conveyed:

(i) To one or more entities operated exclusively for one or more charitable purposes;

(ii) To the federal government, a tribal government, or a state or local government for a public purpose; or

(iii) Subject to one or more gift restrictions requiring the property to be used exclusively for the same charitable purposes for which the dissolving corporation holds the property.

(c) Property that is subject to charitable purpose or management or investment restrictions that do not require modification at the time of dissolution and is not held upon a condition requiring return, transfer, or conveyance by reason of the dissolution must be transferred or conveyed subject to all restrictions applicable to the property, except to the extent restrictions are modified pursuant to RCW 24.03A.190 before distribution, pursuant to a plan of distribution adopted by the board and as provided by RCW 24.03A.904 through 24.03A.926.

(d) Property subject to charitable purpose or management or investment restrictions that require modification at the time of dissolution and are not held upon a condition requiring return, transfer, or conveyance by reason of dissolution, must be modified pursuant to RCW 24.03A.190 before the gifts can be distributed, pursuant to a plan of distribution adopted by the board and as provided by RCW 24.03A.904 through 24.03A.926.

(e) Property held for charitable purposes by the nonprofit corporation upon condition requiring return, transfer, or conveyance, which condition occurs by reason of the dissolution, must be returned, transferred, or conveyed in accordance with those requirements.

(3) Property held by a corporation upon condition requiring return, transfer, or conveyance, which condition occurs by reason of the dissolution, must be returned, transferred, or conveyed in accordance with the requirements of the condition.

(4) Other assets of a corporation other than a charitable corporation, if any, must be distributed:

(a) To members or other persons in accordance with the articles or bylaws, to the extent that the articles or bylaws determine the rights of members to distributions upon dissolution, or provide for distribution to other persons or classes of persons; and

(b) To the extent that the articles or bylaws do not govern distribution of assets on dissolution, to any persons the board may select. [2021 c 176 § 3502.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.908 Corporations holding property for charitable purposes. (1) A nonprofit corporation holding property for charitable purposes, including any charitable corporation, may not deliver articles of dissolution to the secretary of state for filing pursuant to RCW 24.03A.910 until it has complied with all of the requirements of this section.

(2) A nonprofit corporation described in subsection (1) of this section shall adopt a plan for the distribution of assets for the purpose of authorizing any transfer or conveyance of property held for charitable purposes, which shall:

(a) Be consistent with RCW 24.03A.906 and 24.03A.914; and

(b) Include a brief description of the following:

(i) Real property held for charitable purposes, and its nature and location;

(ii) Cash, bank deposits, brokerage accounts, or other financial assets held for charitable purposes, and their approximate total fair market value;

(iii) Other personal property held for charitable purposes, and its nature and approximate total fair market value; and

(iv) Any gift restrictions applicable to any property described in (b)(i) through (iii) of this subsection, and the nature of those restrictions.

(3) A plan of distribution shall be adopted in the following manner:

(a) Where there are no members, or no members having voting rights, a plan of distribution is adopted at a meeting of the board upon receiving a vote of a majority of the directors in office.

(b) Where there are members having voting rights, the board shall adopt a resolution recommending a plan of distribution and directing the submission thereof to a vote at a meeting of members having voting rights. Such vote may take place at the same meeting during which members having voting rights vote upon dissolution of the nonprofit corporation. Notice in the form of a record setting forth the proposed plan of distribution or a summary thereof must be given to each member, whether or not entitled to vote at the meeting, within the time and in the manner provided in this chapter for the giving of notice of meetings of members. Such plan of distribution is adopted upon receiving votes from a majority of the members entitled to vote at a meeting at which a quorum is present, and, if any class of members is entitled to vote as a separate group on the plan, the approval by a majority of the members in each separate voting group entitled to vote at a meeting at which a quorum of the voting group is present. If the members entitled to vote on the dissolution approve the proposal to dissolve but do not approve the proposed plan of distribution in all material respects, then the board may either accept the plan of distribution, as approved by the members, or propose a new plan of distribution to the members for approval. This process shall continue until a plan of distribution acceptable to the board has been approved by the members. If successive votes take place at the same meeting of members, then no further notices or meetings are required.

(4) A nonprofit corporation described in subsection (1) of this section shall give the attorney general notice that it intends to dissolve. The notice shall include:

(a) A copy of the plan of distribution proposed to be adopted in accordance with subsection (3) of this section; and

(b) The names and phone numbers of individuals available to answer questions regarding the dissolution and proposed plan of distribution.

(5) Notice required under subsection (4) of this section must be delivered to the attorney general in the form of a record at least twenty days before the meeting at which the proposed plan is to be adopted. No plan of distribution for a corporation described in subsection (1) of this section may be implemented without the approval of the attorney general, or the approval of the court in a proceeding to which the attorney general is made a party. In the event that the attorney general does not deliver a notice of objection in the form of a record to the corporation within twenty days after the deliv-

ery to the attorney general of notice of the plan, approval of the plan is deemed to have been given. [2021 c 176 § 3503.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.910 Articles of dissolution. (1) At any time after dissolution is authorized, the nonprofit corporation may dissolve by filing with the secretary of state articles of dissolution, accompanied by a revenue clearance certificate issued pursuant to RCW 82.32.260. The articles of dissolution shall set forth:

- (a) The name of the corporation;
- (b) The date of its incorporation;
- (c) The effective date of the dissolution, which may be the date on which the articles of dissolution are filed or any date and time up to thirty days thereafter;
- (d) Whether it is a membership corporation and, if it is a membership corporation, whether it has members that have a right to vote on its dissolution;
- (e) If the corporation is not a membership corporation or has no members that have a right to vote on its dissolution, that the dissolution was authorized by the requisite number of directors;
- (f) If the corporation is a membership corporation that has members that have a right to vote on its dissolution, that the requisite number of members has approved the proposal to dissolve;
- (g) Whether the corporation is a charitable corporation or is holding property for charitable purposes;
- (h) If the corporation is a charitable corporation or is holding property for charitable purposes, that the attorney general has approved, or is deemed to have approved, the corporation's plan of distribution pursuant to RCW 24.03A.908; and
- (i) That the net assets of the corporation remaining after winding up have been, or will be, distributed in accordance with the corporation's articles and bylaws and the corporation's adopted plan of distribution.

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

(3) For purposes of RCW 24.03A.904 through 24.03A.926, "dissolved corporation" means a nonprofit corporation whose articles of dissolution have become effective and includes a liquidating trust, if any, or other acquirer entity to which the remaining assets of the corporation are transferred subject to its liabilities for purposes of liquidation. [2021 c 176 § 3504.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.912 Revocation of dissolution. (1) A nonprofit corporation may revoke its dissolution within one hundred twenty days of the effective date of the dissolution.

(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 alone, in which event the board may revoke the dissolution without action by the members.

(3) Except as provided in subsection (4) of this section, after the revocation of dissolution is authorized, the nonprofit 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;
 - (b) The effective date of the dissolution that was revoked;
 - (c) The date that the revocation of dissolution was authorized; and
 - (d) That the revocation of dissolution was approved in the manner required by this chapter and by the articles and bylaws.
- (4) A charitable corporation or a nonprofit corporation holding property restricted to charitable purposes shall not deliver articles of revocation of dissolution to the secretary of state for filing without the approval of the attorney general. Such a corporation shall give the attorney general notice in the form of a record that it intends to revoke its dissolution, to which notice a copy of the articles of revocation of dissolution adopted in accordance with subsection (2) of this section must be attached. In the event that the attorney general does not deliver a notice of objection in the form of a record to the corporation within twenty days after the delivery to the attorney general of notice of the revocation of dissolution, approval of the revocation of dissolution is deemed to have been given.

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

(6) When the revocation of dissolution is effective, it relates back to and takes effect as of the effective date of the dissolution and the nonprofit corporation resumes carrying on its activities as if dissolution had never occurred. [2021 c 176 § 3505.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.914 Effect of dissolution. (1) A nonprofit corporation, the dissolution of which has been authorized, continues its corporate existence but may not carry on any activities except those appropriate to wind up and liquidate its affairs, including:

- (a) Collecting its assets;
- (b) Disposing of its properties that will not be distributed in kind;
- (c) Discharging or making provision for discharging its liabilities;
- (d) Distributing its remaining property as required by the plan of distribution; and
- (e) Doing every other act necessary to wind up and liquidate its activities and affairs.

(2) Dissolution of or authorization to dissolve a nonprofit corporation does not:

- (a) Transfer title to the corporation's property;
- (b) Subject its directors or officers to standards of conduct different from those prescribed in RCW 24.03A.495 and 24.03A.590;
- (c) Change quorum or voting requirements for its board or members; change provisions for selection, resignation, or removal of its directors or officers or both; or change provisions for amending its bylaws;
- (d) Prevent commencement of a proceeding by or against the corporation in its corporate name;
- (e) Abate or suspend a proceeding pending by or against the corporation on the effective date of dissolution;

(f) Terminate the authority of the registered agent of the corporation; or

(g) Modify any gift restriction, unless the restriction is modified in accordance with RCW 24.03A.190. [2021 c 176 § 3506.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.916 Prohibition of financial benefit. No person may receive a direct or indirect financial benefit in connection with the dissolution of a charitable corporation unless the person is an entity operated exclusively for one or more charitable purposes, the federal government, a tribal government, a state or local government, or an unincorporated entity that has charitable purposes. This section does not apply to the receipt of reasonable compensation for services rendered. [2021 c 176 § 3507.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.918 Known claims against dissolved corporation. (1) A dissolved nonprofit corporation shall deliver notice of the dissolution in the form of a record to all of the corporation's known claimants within thirty days of the date when the corporation delivered articles of dissolution to the secretary of state for filing.

(2) A dissolved nonprofit corporation may dispose of the known claims against it by delivering a notice in the form of a record that meets the requirements listed in subsection (3) of this section to its known claimants at any time after the date when the corporation delivered articles of dissolution to the secretary of state for filing. Delivery of a notice under this subsection shall satisfy the requirement of subsection (1) of this section if the notice is delivered to all known claimants within thirty days of the date when the corporation delivered articles of dissolution to the secretary of state for filing.

(3) A notice to claimants under subsection (2) of this section 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 notice, by which the dissolved nonprofit corporation must receive the claim; and

(d) State that the claim will be barred if not received by the deadline.

(4) A claim against the dissolved nonprofit corporation is barred:

(a) If a claimant who was given 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.

(5) 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. [2021 c 176 § 3508.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.920 Other claims against dissolved corporation. (1) A dissolved nonprofit corporation may publish (2022 Ed.)

notice of its dissolution and request that persons with claims against the dissolved corporation present them in accordance with the notice.

(2) The notice must:

(a) Be published three times during three successive weeks in a newspaper of general circulation in the county where the principal office of the dissolved nonprofit corporation or, if none in this state, its registered office is or was last located;

(b) Describe the information that must be included in a claim and provide a mailing address where the claim shall be sent; and

(c) State that a claim against the dissolved corporation will be barred unless a proceeding to enforce the claim is commenced within three years after the last publication of the notice.

(3) If the dissolved nonprofit corporation publishes a newspaper notice in accordance with subsection (2) of this section, then the claim of each of the following claimants is barred unless the claimant commences a proceeding to enforce the claim against the dissolved corporation within three years after the last publication date of the newspaper notice:

(a) A claimant who was not given notice under RCW 24.03A.918;

(b) A claimant whose claim was timely sent to the dissolved corporation but not acted on; or

(c) A claimant whose claim is contingent or based on an event occurring after the effective date of dissolution. [2021 c 176 § 3509.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.922 Enforcement of claims. A claim that is not barred by RCW 24.03A.918(4) or 24.03A.920(3) may be enforced:

(1) Against the dissolved nonprofit corporation, to the extent of its undistributed assets; or

(2) Except as provided in RCW 24.03A.924(4), if the assets have been distributed in liquidation, against any person, other than a creditor of the dissolved corporation, to whom the corporation distributed its property, subject to the following restrictions:

(a) Recovery is limited to the amount of the distributee's pro rata share of the claim or the corporate assets distributed to the distributee in liquidation, whichever is less;

(b) A distributee's total liability for all claims under this section may not exceed the total amount of assets distributed to the distributee; and

(c) A distributee is only liable to the extent permitted by existing common law or statutory remedies, and nothing in this section creates a separate cause of action against a distributee. [2021 c 176 § 3510.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.924 Court proceedings. (1) A dissolved nonprofit corporation that has published a notice under RCW 24.03A.918 may file an application with the court for a determination of the amount and form of security to be provided for payment of claims that are contingent or have not been made known to the dissolved corporation or that are based on an event occurring after the effective date of dissolution but

that, based on the facts known to the dissolved corporation, are reasonably estimated to be presented after the effective date of dissolution. Provision need not be made for any claim that is or is reasonably anticipated to be barred under RCW 24.03A.918(3).

(2) Within ten days after the filing of the application, the dissolved corporation shall give notice of the proceeding to each claimant holding a contingent claim whose contingent claim is shown on the records of the dissolved corporation.

(3) The court may appoint a special representative to represent the interests of all claimants whose identities are unknown in any proceeding brought under this section. The dissolved corporation shall pay reasonable fees and expenses of the special representative, including all reasonable expert witness fees.

(4) Provision by the dissolved nonprofit corporation for security in the amount and the form ordered by the court under this section satisfies the dissolved corporation's obligations with respect to claims that are contingent, have not been made known to the dissolved corporation, or are based on an event occurring after the effective date of dissolution. Such claims may not be enforced against a person who received assets in liquidation. [2021 c 176 § 3511.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.926 Directors' duties. (1) Directors shall cause the dissolved corporation to discharge or make reasonable provision for the payment of claims and make distributions of assets in accordance with the plan of distribution after payment or provision for claims.

(2) Directors of a dissolved corporation that has disposed of claims under RCW 24.03A.918, 24.03A.920, or 24.03A.924 are not liable for breach of subsection (1) of this section with respect to claims against the dissolved corporation that are barred or satisfied under RCW 24.03A.918, 24.03A.920, or 24.03A.924.

(3) Failure to dispose of claims under RCW 24.03A.918, 24.03A.920, or 24.03A.924 is not, in and of itself, a violation of this section. [2021 c 176 § 3512.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

ARTICLE 6

ADMINISTRATIVE AND JUDICIAL DISSOLUTION

24.03A.928 Administrative dissolution. The secretary of state may commence a proceeding under RCW 23.95.610 to administratively dissolve a nonprofit corporation for any reason set forth in RCW 23.95.605. [2021 c 176 § 3601.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.930 Procedure and effect of administrative dissolution. (1) Administrative dissolution does not terminate, bar, or otherwise modify any claim against the administratively dissolved corporation.

(2) A person is not liable in contract, tort, or otherwise solely by reason of being a director, officer, or member of a nonprofit corporation that was dissolved under RCW 24.03A.928 through 24.03A.942, with respect to the activities or affairs of the corporation that have been continued, without knowledge of the dissolution. [2021 c 176 § 3602.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.932 Property held for charitable purposes.

(1) If a charitable corporation, or a corporation holding property for charitable purposes, has been administratively dissolved and has not been reinstated, then neither the corporation nor any other person may transfer or distribute to any other person any property held for charitable purposes by the corporation unless the corporation has:

(a) Adopted a plan of distribution satisfying the requirements of RCW 24.03A.908(2) and following the procedure set out in RCW 24.03A.908(3); and

(b) Obtained the approval or deemed approval of the attorney general of the plan of distribution, following the procedure set out in RCW 24.03A.908 (4) and (5).

(2) A corporation that has been administratively dissolved is not required to apply for reinstatement if its only activities will consist of adopting a plan of distribution, obtaining the approval or deemed approval of the attorney general of the plan of distribution, and distributing assets in accordance with the plan of distribution. [2021 c 176 § 3603.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.934 Reinstatement of administratively dissolved corporation.

A nonprofit corporation administratively dissolved under RCW 23.95.610 may apply to the secretary of state for reinstatement by following the procedure and meeting the requirements set forth in RCW 23.95.615. A nonprofit corporation denied reinstatement may obtain judicial review of the denial within the time specified in RCW 23.95.620. [2021 c 176 § 3604.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.936 Judicial dissolution. The court may dissolve a nonprofit corporation:

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

(a) The corporation obtained its articles through fraud; or
 (b) The corporation has exceeded or abused, and is continuing to exceed or abuse, the authority conferred upon it by law; or

(c) The directors are deadlocked in the management of the corporate affairs; the members, if any, are unable to break the deadlock; and irreparable injury to the corporation or its purposes is threatened or being suffered because of the deadlock; or

(d) The corporation is misapplying or wasting property held for charitable purposes;

(2) Except as provided in the articles or bylaws, in a proceeding by fifty members or members holding at least five percent of the voting power, whichever is less, or by a director, if it is established that:

(a) The directors are deadlocked in the management of the corporate affairs; the members, if any, are unable to break the deadlock; and irreparable injury to the corporation or its mission is threatened or being suffered because of the deadlock;

(b) The directors or those in control of the corporation have acted, are acting, or have expressed intent to act in a manner that is illegal, oppressive, or fraudulent;

(c) The members 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, or otherwise would have, expired;

(d) The corporate assets are being misapplied or wasted; or

(e) The corporation has insufficient assets to continue its activities and it is no longer able to assemble a quorum of directors or members;

(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 returned unsatisfied, and the corporation is insolvent; or

(b) The corporation has admitted in a record 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. [2021 c 176 § 3605.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.938 Procedure for judicial dissolution. (1) It is not necessary to make directors or members parties to a proceeding to dissolve a nonprofit corporation unless relief is sought against them individually.

(2) A person commencing a proceeding to dissolve a nonprofit corporation shall notify the attorney general of the proceeding in the form of a record if:

(a) The corporation is recognized by the internal revenue service as an organization described in section 501(c)(3) of the internal revenue code; or

(b) The person bringing the proceeding knows that the nonprofit corporation is a charitable corporation or has property held for charitable purposes.

(3) The court in a proceeding brought to dissolve a nonprofit corporation may issue injunctions, take other action required to preserve the corporate assets wherever located, and carry on the activities of the corporation until a full hearing can be held. [2021 c 176 § 3606.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.940 Receivership. The court in a judicial proceeding brought to dissolve a nonprofit corporation may appoint one or more receivers to wind up and liquidate, or to manage, the affairs of the corporation, pursuant to chapter 7.60 RCW. [2021 c 176 § 3607.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.942 Decree of dissolution. (1) If, after a hearing, the court determines that one or more grounds for judicial dissolution described in RCW 24.03A.936 exist, then it may enter a decree dissolving the nonprofit 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 a decree of dissolution, the court shall direct the winding up and liquidation of the nonprofit corporation's affairs in accordance with RCW 24.03A.914 and the notification of claimants in accordance with RCW 24.03A.918 and 24.03A.920. [2021 c 176 § 3608.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

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PART IV
ACTIONS INVOLVING NONPROFIT CORPORATIONS
ARTICLE 1
SUPERVISION OF PROPERTY HELD FOR CHARITABLE PURPOSES

24.03A.944 Notice to attorney general. (1) Every notice to the attorney general required under this chapter must be served upon the attorney general. Service upon the attorney general must be via United States mail, postage prepaid, or by other means as authorized by the attorney general.

(2) Every notice to the attorney general under this chapter shall identify the provisions of this chapter relevant to the subject matter of the notice.

(3) Any person that has commenced any proceeding which this chapter authorizes the attorney general to bring, including but not limited to any proceeding involving a charitable corporation or property held for charitable purposes brought under RCW 24.03A.185, 24.03A.200, 24.03A.610, 24.03A.922, 24.03A.936, or 24.03A.966, shall serve notice of the commencement of the proceeding upon the attorney general. Any other party to such a proceeding may serve notice of the commencement of the proceeding upon the attorney general. To be valid, the notice must identify that it is being given pursuant to this subsection. The attorney general may waive this notice at any time.

(4) Notice to the attorney general is effective:

(a) Five days after its deposit in the United States mail, only if the postage is paid and the notice is correctly addressed; or

(b) When given, if the notice is delivered in any other manner that the attorney general has authorized. [2021 c 176 § 4101.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.946 Actions to secure property held for charitable purposes. The attorney general may commence in the court described in RCW 24.03A.025 any action or proceeding to:

(1) Ensure compliance by a nonprofit corporation, or its members, directors, officers, employees, or agents, with any provision of this chapter that governs the distribution, disposition, management, or expenditure of, or reporting obligations relating to, any property held for charitable purposes;

(2) Secure the proper administration of a charitable corporation, or of property held for charitable purposes by a nonprofit corporation, when reasonably necessary to protect property held for charitable purposes; and

(3) Restrain and prevent any act that violates any provision of this chapter that governs the distribution, disposition, management, or expenditure of, or reporting obligations relating to, any property held for charitable purposes. [2021 c 176 § 4102.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.948 Attorney general's right to intervene. The attorney general, as of right, may intervene in any proceeding that has been commenced by a person other than the attorney general if the attorney general is otherwise autho-

rized to bring such a proceeding under this chapter. [2021 c 176 § 4103.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.950 Attorney general's investigative power.

Upon reasonable suspicion that there has been a violation of any provision of this chapter that governs the distribution, disposition, management, or expenditure of, or reporting obligations relating to, any property held for charitable purposes, or that a charitable corporation or property held for charitable purposes by a nonprofit corporation has been improperly administered, the attorney general may institute an investigation for the purpose of determining whether there has been such a violation or improper administration. [2021 c 176 § 4104.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.952 Civil investigative demands.

(1) The attorney general may, before the institution of a civil proceeding arising from an investigation instituted under RCW 24.03A.950, execute in writing and cause to be served upon a person a civil investigative demand requiring the person to produce documentary material and permit inspection and copying, to answer in writing written interrogatories, to give oral testimony, or any combination of those demands, whenever the attorney general believes that the person:

(a) May be in possession, custody, or control of any original or copy of any record, report, memorandum, paper, communication, tabulation, map, chart, photograph, mechanical transcription, or other document or recording, wherever situated, which the attorney general reasonably believes to be relevant to the subject matter of any investigation instituted under RCW 24.03A.950; or

(b) May have knowledge of any information which the attorney general reasonably believes to be relevant to the subject matter of any such investigation.

(2) The provisions of RCW 19.86.110 (2) through (9)[,] except for RCW 19.86.110(7) (b) and (c), shall apply to every civil investigative demand issued under this section.

(3) With respect to a civil investigative demand issued under this section, the venue for filing a petition to extend a return date under RCW 19.86.110(8) or a petition for an order of enforcement under RCW 19.86.110(9) shall include any court described in RCW 24.03A.025.

(4) The attorney general may provide copies of documentary material, answers to written interrogatories, or transcripts of oral testimony provided under this section to an official of this state, another state, or the federal government who is charged with the enforcement of state or federal laws related to the protection or regulation of property held for charitable purposes, provided that before the disclosure the receiving official agrees in the form of a record that the information may not be disclosed to anyone other than that official or the official's authorized employees or agents. Material provided under this subsection is subject to the limitations on disclosure contained in RCW 19.86.110(7)(a), and, where applicable, Title 5 U.S.C. Sec. 552, and may not be introduced as evidence in a criminal prosecution.

(5) The attorney general may use such copies of documentary material, answers to written interrogatories, or transcripts of oral testimony as the attorney general determines

necessary in the enforcement of any provision of this chapter that governs the distribution, disposition, management, or expenditure of, or reporting obligations relating to, any property held for charitable purposes, including presentation before any court, provided, however, that any such material, answers to written interrogatories, or transcripts of oral testimony which contain trade secrets shall not be presented except with the approval of the court in which the action is pending after adequate notice to the person furnishing such material, answers to written interrogatories, or oral testimony. [2021 c 176 § 4105.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.954 Religious corporations. The attorney general shall not commence any action under RCW 24.03A.946 against a religious corporation; intervene in any action under RCW 24.03A.948 involving a religious corporation; institute any investigation under RCW 24.03A.950, the subject of which is a religious corporation; or serve any civil investigative demand under RCW 24.03A.952 on a religious corporation, unless for the purposes of this section only:

(1) The basis for the action, investigation, or civil investigative demand is the attorney general's knowledge of facts, circumstances, or results that property held by the religious corporation for charitable purposes has been, is threatened to be, or is about to be distributed in violation of RCW 24.03A.155;

(2) The board of directors of the religious corporation has adopted a resolution in the form of a record requesting the attorney general's involvement in the action or investigation; or

(3) The attorney general has knowledge of facts, circumstances, or results indicating that the religious corporation has no directors in office, in which case the attorney general may investigate the issue of whether the religious corporation has directors in office, and, if necessary, appoint one or more directors of the religious corporation following the procedure set out in RCW 24.03A.535(4). [2021 c 176 § 4106.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.956 Assurances of discontinuance. In the enforcement of the provisions of this chapter that govern the distribution, disposition, or expenditure of, or reporting obligations relating to, property held for charitable purposes, the attorney general may accept an assurance of discontinuance of any act or practice deemed in violation of such provision, from any person engaging in, or who has engaged in, such act or practice. Any such assurance must be in writing and be filed with and subject to the approval of the court. Such assurance of discontinuance is not an admission of a violation for any purpose, but proof of failure to comply with the assurance of discontinuance is prima facie evidence of a violation of this chapter. [2021 c 176 § 4107.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.958 Civil penalties, costs, and fees. (1) Pursuant to an action by the attorney general, a person shall forfeit and pay a civil penalty of not more than five thousand dollars for each violation if such person:

(a) Engages in conduct that violates any provision of this chapter governing the distribution, disposition, management,

or expenditure of, or reporting obligations relating to, property held for charitable purposes, intending or knowing that such conduct was in violation of this chapter;

(b) As a director or officer of a corporation, votes for or assents to a distribution of property held for charitable purposes that would give rise to liability under RCW 24.03A.610; or

(c) Receives any portion of a distribution described in (b) of this subsection knowing that the distribution was made in violation of this chapter.

(2) Any person who shall violate the terms of any injunction issued pursuant to an action by the attorney general under RCW 24.03A.946 shall forfeit and pay a civil penalty of not more than twenty-five thousand dollars for each violation.

(3) At the discretion of the court, the attorney general is entitled to recovery of its costs and fees incurred in securing compliance with the provisions of this chapter governing the distribution, disposition, management, or expenditure of, or reporting obligations relating to, property held for charitable purposes. [2021 c 176 § 4108.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.960 Charitable asset protection account. (1)

The Washington state attorney general charitable asset protection account is created in the custody of the state treasurer. Only the attorney general or the attorney general's designee may authorize expenditures from the account. Moneys in the account shall be used exclusively for:

(a) The costs associated with the attorney general's enforcement of the provisions of this chapter governing the distribution, disposition, management, or expenditure of, or reporting obligations relating to, property held for charitable purposes, or the proper administration of a charitable corporation or property held for charitable purposes;

(b) The costs associated with the attorney general's review and handling of notices and requests submitted to the attorney general under the provisions of this chapter including, but not limited to, binding agreements described in RCW 24.03A.195, major changes in purposes or programs reported under RCW 24.03A.075, and notices of proposed transactions under RCW 24.03A.640 through 24.03A.942;

(c) The costs associated with the attorney general's review and handling of notices and requests submitted to the attorney general in connection with the release or modification under RCW 24.55.045 of restrictions applicable to institutional funds;

(d) The costs associated with the attorney general's supervision of charitable trusts under the authority granted in chapter 11.110 RCW, including review and handling of binding agreements under chapter 11.96A RCW, involving assets held in charitable trust; and

(e) The charitable solicitation education program.

An appropriation is not required for expenditures, but the account is subject to allotment procedures under chapter 43.88 RCW.

(2)(a) The secretary of state shall collect a charitable asset protection fee, in addition to fees that the secretary of state may set under RCW 24.03A.085, for filing:

(i) Annual reports under RCW 24.03A.070;

(ii) Articles of incorporation of newly formed corporations under RCW 24.03A.100;

(iii) Articles of domestication under RCW 24.03A.795; and

(iv) Articles of domestication and conversion RCW 24.03A.840.

(b) The charitable asset protection fee is fifty dollars per year, reduced to ten dollars if the corporation certifies that its total gross revenue in the most recent fiscal year was less than five hundred thousand dollars.

(c) Revenue generated from the charitable asset protection fee must be distributed as follows:

(i) Ninety-five percent of the revenue must be deposited into the Washington state attorney general charitable asset protection account created in subsection (1) of this section; and

(ii) Five percent of the revenue must be deposited into the secretary of state's revolving fund to cover the administrative costs of assessing the fee. [2021 c 176 § 4109.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

ARTICLE 2

CONTESTED CORPORATE ACTION

24.03A.962 Definitions. This section and RCW 24.03A.964 and 24.03A.966 apply to, and the term "corporate action" in this section and RCW 24.03A.964 and 24.03A.966 means, any of the following actions:

(1) The election, appointment, designation, or other selection and the suspension, removal, or expulsion of members, delegates, directors, or officers of a nonprofit corporation;

(2) The taking of any action on any matter that:

(a) Is required under this chapter or any other provision of law to be submitted for approval of or adoption by the members, delegates, directors, or officers of a nonprofit corporation;

(b) Under the articles or bylaws may be submitted for approval of or adoption by the members, delegates, directors, or officers of a nonprofit corporation; or

(c) Is in fact approved or adopted by the members, delegates, directors, or officers of a nonprofit corporation. [2021 c 176 § 4201.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.964 Proceedings prior to corporate action.

(1) Where under applicable law or the articles or bylaws of a nonprofit corporation there has been a failure to hold a meeting to take corporate action and the failure has continued for thirty days after the date designated or appropriate therefor, the court may summarily order a meeting to be held upon the application of any person entitled, either alone or in conjunction with other persons similarly seeking relief under this section, to call a meeting to consider the corporate action in issue, and, in the case of a charitable corporation, upon the application of the attorney general.

(2) The court may determine the right to vote at the meeting of persons claiming that right, may appoint an individual to hold the meeting under such orders and powers as the court may deem proper, and may take such action as may be required to give due notice of the meeting and convene and

conduct the meeting in the interests of justice. [2021 c 176 § 4202.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

24.03A.966 Review of contested corporate action. (1)

Except as provided in subsection (3) of this section, upon petition of a person whose status as, or whose rights or duties as, a member, delegate, director, or officer of a corporation are or may be affected by any corporate action, or, in the case of a charitable corporation, the attorney general, the court may hear and determine the validity of the corporate action. The petitioner shall provide notice of the proceeding to every other person the petitioner knows, or should reasonably know, to be affected by the proceeding.

(2) The court may make such orders in any such case as may be just and proper, with power to enforce the production of any books, papers, and records of the corporation and other evidence that may relate to the issue, and may provide for notice of the proceeding to other parties if necessary. If it is determined that no valid corporate action has been taken, the court may order a meeting to be held in accordance with RCW 24.03A.964.

(3) If a nonprofit corporation has provided in its articles or bylaws for a means of resolving a challenge to a corporate action, then subsection (1) of this section shall not apply, except in the case of actions brought by the attorney general with respect to corporate actions of charitable corporations. The court may enforce provisions of the articles or bylaws if appropriate. [2021 c 176 § 4203.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

Chapter 24.06 RCW

NONPROFIT MISCELLANEOUS AND MUTUAL CORPORATIONS ACT

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Organization of condominium unit owners' association: RCW 64.34.300.

Revolving fund of secretary of state, deposit of moneys for costs of carrying out secretary of state's functions under this chapter: RCW 43.07.130.

24.06.005 Definitions. As used in this chapter, unless the context otherwise requires, the term:

(1) "An officer of the corporation" means, in connection with the execution of documents submitted for filing with the secretary of state, the president, a vice president, the secretary, or the treasurer of the corporation.

(2) "Articles of incorporation" includes the original articles of incorporation and all amendments thereto, and includes articles of merger.

(3) "Board of directors" means the group of persons vested with the management of the affairs of the corporation irrespective of the name by which such group is designated.

(4) "Bylaws" means the code or codes of rules adopted for the regulation or management of the affairs of the corporation irrespective of the name or names by which such rules are designated.

(5) "Conforms to law" as used in connection with duties of the secretary of state in reviewing documents for filing under this chapter, means the secretary of state has determined the document complies as to form with the applicable requirements of this chapter.

(6) "Consumer cooperative" means a corporation engaged in the retail sale, to its members and other consumers, of goods or services of a type that are generally for personal, living, or family use.

(7) "Corporation" or "domestic corporation" means a mutual corporation or miscellaneous corporation subject to the provisions of this chapter, except a foreign corporation.

(8) "Duplicate originals" means two copies, original or otherwise, each with original signatures, or one original with original signatures and one copy thereof.

(9) "Effective date" means, in connection with a document filing made by the secretary of state, the date on which the filing becomes effective under RCW 23.95.210.

(10) "Electronic transmission" or "electronically transmitted" means any process of electronic communication not directly involving the physical transfer of paper that is suitable for the retention, retrieval, and reproduction of the transmitted information by the recipient. However, such an electronic transmission must either set forth or be submitted with information, including any security or validation controls used, from which it can reasonably be determined that the electronic transmission was authorized by, as applicable, the corporation or shareholder or member by or on behalf of which the electronic transmission was sent.

(11) "Executed by an officer of the corporation," or words of similar import, means that any document signed by

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such person shall be and is signed by that person under penalties of perjury and in an official and authorized capacity on behalf of the corporation or person making the document submission with the secretary of state.

(12) "Foreign corporation" means a mutual or miscellaneous corporation or other corporation organized under laws other than the laws of this state which would be subject to the provisions of this chapter if organized under the laws of this state.

(13) "Insolvent" means inability of a corporation to pay debts as they become due in the usual course of its affairs.

(14) "Member" means one having membership rights in a corporation in accordance with provisions of its articles of incorporation or bylaws.

(15) "Miscellaneous corporation" means any corporation which is organized for a purpose or in a manner not provided for by the Washington business corporation act or by the Washington nonprofit corporation act, and which is not required to be organized under other laws of this state.

(16) "Mutual corporation" means a corporation organized to accomplish one or more of its purposes on a mutual basis for members and other persons.

(17) "Registered office" means the address of the corporation's registered agent.

(18) "Stock" or "share" means the units into which the proprietary interests of a corporation are divided in a corporation organized with stock.

(19) "Stockholder" or "shareholder" means one who is a holder of record of one or more shares in a corporation organized with stock. [2015 c 176 § 4101; 2001 c 271 § 1; 2000 c 167 § 1; 1982 c 35 § 118; 1969 ex.s. c 120 § 1.]

Reviser's note: The definitions in this section have been alphabetized pursuant to RCW 1.08.015(2)(k).

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

Intent—Severability—Effective dates—Application—1982 c 35: See notes following RCW 43.07.160.

24.06.010 Application of chapter. The provisions of this chapter relating to domestic corporations shall apply to:

(1) All corporations organized hereunder; and

(2) All corporations which were heretofore organized under any act repealed by the Washington nonprofit corporation act and which are not organized for a purpose or in a manner provided for by said act.

The provisions of this chapter relating to foreign corporations shall apply to all foreign corporations conducting affairs in this state for a purpose or purposes for which a corporation might be organized under this chapter. [1969 ex.s. c 120 § 2.]

24.06.015 Purposes. Corporations may be organized under this chapter for any lawful purpose including but not limited to mutual, social, cooperative, fraternal, beneficial, service, labor organization, and other purposes; but excluding purposes which by law are restricted to corporations organized under other statutes. [1969 ex.s. c 120 § 3.]

Labor unions: Chapter 49.36 RCW.

24.06.020 Incorporators. One or more individuals, partnerships, corporations or governmental bodies or agen-

cies may incorporate a corporation by signing and delivering articles of incorporation in duplicate to the secretary of state. [1982 c 35 § 119; 1969 ex.s. c 120 § 4.]

Intent—Severability—Effective dates—Application—1982 c 35:
See notes following RCW 43.07.160.

24.06.025 Articles of incorporation. The articles of incorporation shall set forth:

- (1) The name of the corporation.
- (2) The period of duration, which may be perpetual or for a stated number of years.
- (3) The purpose or purposes for which the corporation is organized.
- (4) The qualifications and the rights and responsibilities of the members and the manner of their election, appointment, or admission to membership and termination of membership; and, if there is more than one class of members or if the members of any one class are not equal, the relative rights and responsibilities of each class or each member.
- (5) If the corporation is to have capital stock:
 - (a) The aggregate number of shares which the corporation shall have authority to issue; if such shares are to consist of one class only, the par value of each of such shares, or a statement that all of such shares are without par value; or, if such shares are to be divided into classes, the number of shares of each class, and a statement of the par value of the shares of each such class or that such shares are to be without par value;
 - (b) If the shares are to be divided into classes, the designation of each class and a statement of the preferences, limitations, and relative rights in respect of the shares of each class;
 - (c) If the corporation is to issue the shares of any preferred or special class in series, then the designation of each series and a statement of the variations in the relative rights and preferences as between series insofar as the same are to be fixed in the articles of incorporation, and a statement of any authority to be vested in the board of directors to establish series and fix and determine the variations in the relative rights and preferences as between series;
 - (d) Any provision limiting or denying to shareholders the preemptive right to acquire additional shares of the corporation.
- (6) If the corporation is to distribute surplus funds to its members, stockholders, or other persons, provisions for determining the amount and time of the distribution.
- (7) Provisions for distribution of assets on dissolution or final liquidation.
- (8) Whether a dissenting shareholder or member shall be limited to a return of less than the fair value of his or her shares or membership.
- (9) The address of its initial registered office, including street and number, and the name of its initial registered agent at such address.
- (10) The number of directors constituting the initial board of directors, and the names and addresses of the persons who are to serve as the initial directors.
- (11) The name and address of each incorporator.
- (12) Any provision, not inconsistent with law, for the regulation of the internal affairs of the association, including:

(a) Overriding the release from liability provided in RCW 24.06.035(2); and

(b) Any provision which under this title is required or permitted to be set forth in the bylaws.

It shall not be necessary to set forth in the articles of incorporation any of the corporate powers enumerated in this chapter.

Unless the articles of incorporation provide that a change in the number of directors shall be made only by amendment to the articles of incorporation, a change in the number of directors made by amendment to the bylaws shall be controlling. In all other cases, whenever a provision of the articles of incorporation is inconsistent with a bylaw, the provision of the articles of incorporation shall be controlling. [2011 c 336 § 660; 2001 c 271 § 2; 1987 c 212 § 708; 1982 c 35 § 120; 1969 ex.s. c 120 § 5.]

Intent—Severability—Effective dates—Application—1982 c 35:
See notes following RCW 43.07.160.

24.06.030 General powers. Each corporation shall have power:

- (1) To have perpetual succession by its corporate name unless a limited period of duration is stated in its articles of incorporation.
- (2) To sue and be sued, complain and defend, in its corporate name.
- (3) To have a corporate seal which may be altered at pleasure, and to use the same by causing it, or a facsimile thereof, to be impressed or affixed or in any other manner reproduced.
- (4) To purchase, take, receive, lease, take by gift, devise or bequest, or otherwise acquire, own, hold, be trustee of, improve, use and otherwise deal in and with real or personal property, or any interest therein, wherever situated.
- (5) To sell, convey, mortgage, pledge, lease, exchange, transfer and otherwise dispose of all or any part of its property and assets.
- (6) To lend money to its employees.
- (7) To purchase, take, receive, subscribe for, or otherwise acquire, own, hold, vote, use, employ, sell, mortgage, lend, pledge, or otherwise dispose of, and otherwise use and deal in and with, shares or other interests in, or obligations of, other domestic or foreign corporations, whether for profit or not for profit, associations, partnerships or individuals, or direct or indirect obligations of the United States, or of any other government, state, territory, governmental district or municipality or of any instrumentality thereof.
- (8) To make contracts and incur liabilities, borrow money at such rates of interest as the corporation may determine, issue its notes, bonds, and other obligations, and secure any of its obligations by mortgage or pledge of all or any of its property, franchises and income.
- (9) To lend money for its corporate purposes, invest and reinvest its funds, and take and hold real and personal property as security for the payment of funds so loaned or invested.
- (10) To conduct its affairs, carry on its operations, and have offices and exercise the powers granted by this chapter, in any state, territory, district, or possession of the United States, or in any foreign country.

(11) To elect or appoint officers and agents of the corporation, and define their duties and fix their compensation.

(12) To make and alter bylaws, not inconsistent with its articles of incorporation or with the laws of this state, for the administration and regulation of the affairs of the corporation.

(13) To establish and maintain reserve, equity, surplus or other funds, and to provide for the time, form and manner of distribution of such funds among members, shareholders or other persons with interests therein in accordance with the articles of incorporation.

(14) Unless otherwise provided in the articles of incorporation, to make donations for the public welfare or for charitable, scientific or educational purposes, and in time of war to make donations in aid of the United States and its war activities.

(15) To indemnify any director or officer or former director or officer of the corporation, or any person who may have served at its request as a director or officer of another corporation, against expenses actually and necessarily incurred by him or her in connection with the defense of any action, suit or proceeding in which he or she is made a party by reason of being or having been such director or officer, except for acts or omissions that involve intentional misconduct or a knowing violation of law by the director or officer, or that involve a transaction from which the director or officer will personally receive a benefit in money, property, or services to which the director or officer is not legally entitled: PROVIDED, That such indemnification shall not be deemed exclusive of any other rights to which such director or officer may be entitled, under any bylaw, agreement, vote of board of directors or members or shareholders, or otherwise.

(16) To cease its corporate activities and surrender its corporate franchise.

(17) To have and exercise all powers necessary or convenient to effect any or all of the purposes for which the corporation is organized and not inconsistent with the articles of incorporation or the provisions of this chapter. [2001 c 271 § 3; 1969 ex.s. c 120 § 6.]

Indemnification of agents, insurance: RCW 23B.08.320, 23B.08.500 through 23B.08.580, 23B.08.600, and 23B.17.030.

24.06.032 Additional rights and powers authorized.

(1) In addition to any other rights and powers granted under this chapter, any mutual or miscellaneous corporation that was organized under this chapter prior to June 10, 2004, and conducts its business on a cooperative basis is entitled, by means of an express election contained in its articles of incorporation or bylaws, to avail itself of part or all of the additional rights and powers granted to cooperative associations under RCW 23.86.105(1), 23.86.160, and 23.86.170, and, if the corporation is a consumer cooperative, under RCW 23.95.305(6) and 23.86.030(2).

(2) Any other provision of this chapter notwithstanding:

(a) A consumer cooperative organized under this chapter may give notice to its members of the place, day, and hour of its annual meeting not less than ten nor more than one hundred twenty days before the date of the annual meeting.

(b) A consumer cooperative organized under this chapter may satisfy any provisions of this chapter requiring that certain information or materials must be set forth in a writing

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accompanying or contained in the notice of a meeting of its members, by: (i) Posting the information or materials on an electronic network not less than thirty days prior to the meeting at which such information or materials will be considered by members; and (ii) delivering to those members who are eligible to vote a notification, either in a meeting notice authorized under this chapter or in such other reasonable form as the board of directors may specify, setting forth the address of the electronic network at which and the date after which such information or materials will be posted and available for viewing by members eligible to vote, together with comprehensible instructions regarding how to obtain access to the information and materials posted on the electronic network. A consumer cooperative that elects to post information or materials required by this chapter on an electronic network shall, at its expense, provide a copy of such information or materials in a written or other tangible medium to any member who is eligible to vote and so requests.

(c) The articles of incorporation or bylaws of a consumer cooperative organized under this chapter may provide that the annual meeting of its members need not involve a physical assembly at a particular geographic location if the meeting is held by means of electronic or other remote communications with its members, in a fashion that its board of directors determines will afford members a reasonable opportunity to read or hear the proceedings substantially concurrently with their occurrence, to vote by electronic transmission on matters submitted to a vote by members, and to pose questions of and make comments to management, subject to such procedural guidelines and limitations as its board of directors may adopt. Members participating in an annual meeting by means of electronic or other remote communications technology in accordance with any such procedural guidelines and limitations shall be deemed present at the meeting for all purposes under this chapter. For any annual meeting of members that is conducted by means of electronic or other remote communications without a physical assembly at a geographic location, the address of the electronic network or other communications site or connection specified in the notice of the meeting shall be deemed to be the place of the meeting. [2015 c 176 § 4102; 2012 c 216 § 1; 2004 c 265 § 40.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

24.06.035 Nonprofit status—Members', officers' immunity from liability.

(1) A corporation subject to the provisions of this chapter shall not engage in any business, trade, a vocation or profession for profit: PROVIDED, That nothing contained herein shall be construed to forbid such a corporation from accumulating reserve, equity, surplus or other funds through subscriptions, fees, dues or assessments, or from charges made its members or other persons for services rendered or supplies or benefits furnished, or from distributing its surplus funds to its members, stockholders or other persons in accordance with the provisions of the articles of incorporation. A member of the board of directors or an officer of such a corporation shall have the same immunity from liability as is granted in RCW 4.24.264.

(2) Unless the articles of incorporation provide otherwise, a member of the board of directors or an officer of the corporation is not individually liable to the corporation or its

shareholders or members in their capacity as shareholders or members for conduct within his or her official capacity as a director or officer after July 22, 2001, except for acts or omissions that involve intentional misconduct or a knowing violation of the law, or that involve a transaction from which the director or officer will personally receive a benefit in money, property, or services to which the director or officer is not legally entitled. Nothing in this subsection may be construed to limit or modify in any manner the power of the attorney general to bring an action on behalf of the public to enjoin, correct, or otherwise remedy a breach of a charitable trust by a corporation or its directors or officers. [2001 c 271 § 4; 1987 c 212 § 709; 1969 ex.s. c 120 § 7.]

24.06.040 Defense of ultra vires. No act of a corporation and no conveyance or transfer of real or personal property to or by a corporation shall be invalid by reason of the fact that the corporation was without capacity or power to do such act or to make or receive such conveyance or transfer, but such lack of capacity or power may be asserted:

(1) In a proceeding by a member, shareholder or a director against the corporation to enjoin the doing or continuation of unauthorized acts or the transfer of real or personal property by or to the corporation. If the unauthorized acts or transfer sought to be enjoined are being, or are to be, performed pursuant to any contract to which the corporation is a party, the court may, if all of the parties to the contract are parties to the proceeding and if it deems the same to be equitable, set aside and enjoin the performance of such contract, and in so doing may allow to the corporation or the other parties to the contract, as the case may be, compensation for the loss or damage sustained by either of them which may result from the action of the court in setting aside and enjoining the performance of such contract: PROVIDED, That anticipated profits to be derived from the performance of the contract shall not be awarded by the court as a loss or damage sustained.

(2) In a proceeding by the corporation, whether acting directly or through a receiver, trustee, or other legal representative, or through members or shareholder in a representative suit, against the officers or directors of the corporation for exceeding their authority.

(3) In a proceeding by the attorney general, as provided in this chapter, to dissolve the corporation, or in a proceeding by the attorney general to enjoin the corporation from performing unauthorized acts, or in any other proceeding by the attorney general. [1969 ex.s. c 120 § 8.]

24.06.043 Indemnification of agents of any corporation authorized. See RCW 23B.17.030.

24.06.045 Corporate name. The corporate name must comply with the requirements of Article 3 of chapter 23.95 RCW. [2015 c 176 § 4103; 1998 c 102 § 4; 1995 c 337 § 22; 1994 c 211 § 1307; 1987 c 55 § 41; 1982 c 35 § 121; 1973 c 113 § 1; 1969 ex.s. c 120 § 9.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

Intent—Severability—Effective dates—Application—1982 c 35: See notes following RCW 43.07.160.

Corporate name of foreign corporation: RCW 24.06.350.

Additional notes found at www.leg.wa.gov

24.06.046 Reservation of exclusive right to use corporate name. The exclusive right to the use of a corporate name may be reserved in accordance with RCW 23.95.310. [2015 c 176 § 4104; 1993 c 356 § 13; 1982 c 35 § 122.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

Intent—Severability—Effective dates—Application—1982 c 35: See notes following RCW 43.07.160.

Additional notes found at www.leg.wa.gov

24.06.047 Registration of corporate name. Any corporation, organized and existing under the laws of any state or territory of the United States[,], may register its corporate name in accordance with RCW 23.95.315. [2015 c 176 § 4105; 1994 c 211 § 1308; 1993 c 356 § 14; 1987 c 55 § 42; 1982 c 35 § 123.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

Intent—Severability—Effective dates—Application—1982 c 35: See notes following RCW 43.07.160.

Additional notes found at www.leg.wa.gov

24.06.048 Renewal of registration of corporate name. A corporation[,], which has in effect a registration of its corporate name, may renew such registration in accordance with RCW 23.95.315. [2015 c 176 § 4106; 1982 c 35 § 124.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

Intent—Severability—Effective dates—Application—1982 c 35: See notes following RCW 43.07.160.

24.06.050 Registered agent. Each domestic corporation and foreign corporation authorized to do business in this state shall have and continuously maintain in this state a registered agent in accordance with Article 4 of chapter 23.95 RCW. [2015 c 176 § 4107; 2009 c 202 § 2; 1993 c 356 § 15; 1982 c 35 § 125; 1969 ex.s. c 120 § 10.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

Intent—Severability—Effective dates—Application—1982 c 35: See notes following RCW 43.07.160.

Additional notes found at www.leg.wa.gov

24.06.055 Change of registered agent. A corporation may change its registered agent by delivering to the secretary of state for filing a statement of change in accordance with RCW 23.95.430.

Any registered agent of a corporation may resign as agent by delivering to the secretary of state for filing a statement of resignation in accordance with RCW 23.95.445. [2015 c 176 § 4108; 2011 c 336 § 661; 1993 c 356 § 16; 1982 c 35 § 126; 1969 ex.s. c 120 § 11.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

Intent—Severability—Effective dates—Application—1982 c 35: See notes following RCW 43.07.160.

Additional notes found at www.leg.wa.gov

24.06.060 Service of process on corporation. Service of any process, notice or demand required or permitted by

law to be served upon the corporation may be made in accordance with RCW 23.95.450. [2015 c 176 § 4109; 1982 c 35 § 127; 1969 ex.s. c 120 § 12.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

Intent—Severability—Effective dates—Application—1982 c 35: See notes following RCW 43.07.160.

24.06.065 Members. A corporation may have one or more classes of members. The designation of such class or classes, the manner of election, appointment or admission to membership, and the qualifications, responsibilities and rights of the members of each class shall be set forth in the articles of incorporation. A corporation may issue certificates evidencing membership therein. Certificates may be assigned by a member and reacquired by the corporation under such provisions, rules and regulations as may be prescribed in the articles of incorporation. Membership may be terminated under such provisions, rules and regulations as may be prescribed in the articles of incorporation or bylaws. [1969 ex.s. c 120 § 13.]

24.06.070 Shares—Issuance—Payment—Subscription agreements. (1) Each corporation which is organized with capital stock shall have the power to create and issue the number of shares stated in its articles of incorporation. Such shares may be divided into one or more classes, any or all of which classes may consist of shares with par value or shares without par value, with such designations, preferences, limitations, and relative rights as shall be stated in the articles of incorporation. The articles of incorporation may limit or deny the voting rights of or provide special voting rights for the shares of any class to the extent not inconsistent with the provisions of this chapter.

(2) Without limiting the authority herein contained, a corporation, when so provided in its articles of incorporation, may issue shares of preferred or special classes:

(a) Subject to the right of the corporation to redeem any of such shares at the price fixed by the articles of incorporation for the redemption thereof.

(b) Entitling the holders thereof to cumulative, noncumulative, or partially cumulative dividends.

(c) Having preference over any other members or class or classes of shares as to the payment of dividends.

(d) Having preference in the assets of the corporation over any other members or class or classes of shares upon the voluntary or involuntary liquidation of the corporation.

(3) The consideration for the issuance of shares may be paid in whole or in part, in money, in other property, tangible or intangible, or in labor or services actually performed for the corporation. When payment of the consideration for which shares are to be issued shall have been received by the corporation, such shares shall be deemed to be fully paid and nonassessable.

Neither promissory notes nor future services shall constitute payment or part payment, for shares of a corporation.

In the absence of fraud in the transaction, the judgment of the board of directors or the shareholders, as the case may be, as to the value of the consideration received for shares shall be conclusive.

(4) A subscription for shares of a corporation to be organized shall be in writing and be irrevocable for a period of six months, unless otherwise provided by the terms of the subscription agreement or unless all of the subscribers consent to the revocation of such subscription.

Unless otherwise provided in the subscription agreement, subscriptions for shares, whether made before or after the organization of a corporation, shall be paid in full at such time, or in such installments and at such times, as shall be determined by the board of directors. Any call made by the board of directors for payment on subscriptions shall be uniform as to all shares of the same class or as to all shares of the same series, as the case may be. In case of default in the payment of any installment or call when such payment is due, the corporation may proceed to collect the amount due in the same manner as any debt due the corporation. The bylaws may prescribe other penalties for failure to pay installments or calls that may become due, but no penalty working a forfeiture of a subscription, or of the amounts paid thereon, shall be declared as against any subscriber unless the amount due thereon shall remain unpaid for a period of twenty days after written demand has been made therefor. If mailed, such written demand shall be deemed to be made when deposited in the United States mail in a sealed envelope addressed to the subscriber at his or her last post office address known to the corporation, with postage thereon prepaid. In the event of the sale of any shares by reason of any forfeiture, the excess of proceeds realized over the amount due and unpaid on such shares shall be paid to the delinquent subscriber or to his or her legal representative. [2011 c 336 § 662; 1969 ex.s. c 120 § 14.]

24.06.075 Shares—Consideration, fixing. (1) Shares having a par value may be issued for such consideration expressed in dollars, not less than the par value thereof, as shall be fixed from time to time by the board of directors.

(2) Shares without par value shall be issued for such consideration expressed in dollars as may be fixed from time to time by the board of directors. [1969 ex.s. c 120 § 15.]

24.06.080 Shares—Certificates. The shares of a corporation shall be represented by certificates signed by the president or vice president and the secretary or an assistant secretary of the corporation, and may be sealed with the seal of the corporation or a facsimile thereof. The signatures of the president or vice president and the secretary or assistant secretary upon a certificate may be facsimiles if the certificate is countersigned by a transfer agent, or registered by a registrar, other than the corporation itself or an employee of the corporation. In case any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the corporation with the same effect as if he or she were such officer at the date of its issue.

Every certificate representing shares issued by a corporation which is authorized to issue shares of more than one class shall set forth upon the face or back of the certificate, or shall state that the corporation will furnish to any shareholder upon request and without charge, a full statement of the designations, preferences, limitations, and relative rights of the shares of each class authorized to be issued and, if the corpo-

ration is authorized to issue any preferred or special class in series, the variations in the relative rights and preferences between the shares of each such series so far as the same have been fixed and determined and the authority of the board of directors to fix and determine the relative rights and preferences of subsequent series.

Each certificate representing shares shall state upon the face thereof:

(1) That the corporation is organized under the laws of this state.

(2) The name of the person to whom issued.

(3) The number and class of shares, and the designation of the series, if any, which such certificate represents.

(4) The par value of each share represented by such certificate, or a statement that the shares are without par value.

No certificate shall be issued for any share until such share is fully paid. [2011 c 336 § 663; 1969 ex.s. c 120 § 16.]

24.06.085 Liability of shareholders, subscribers, assignees, executors, trustees, etc. A holder of or subscriber to shares of a corporation shall be under no obligation to the corporation or its creditors with respect to such shares other than the obligation to pay to the corporation the full consideration for which such shares were issued or to be issued.

Any person becoming an assignee or transferee of shares or of a subscription for shares in good faith and without knowledge or notice that the full consideration therefor has not been paid shall not be personally liable to the corporation or its creditors for any unpaid portion of such consideration.

An executor, administrator, conservator, guardian, trustee, assignee for the benefit of creditors, or receiver shall not be personally liable to the corporation as a holder of or subscriber to shares of a corporation but the estate and funds in his or her hands shall be so liable.

No pledgee or other holder of shares as collateral security shall be personally liable as a shareholder. [2011 c 336 § 664; 1969 ex.s. c 120 § 17.]

24.06.090 Preemptive share acquisition rights. The preemptive right of a shareholder to acquire unissued shares of a corporation may be limited or denied to the extent provided in the articles of incorporation. [1969 ex.s. c 120 § 18.]

24.06.095 Bylaws. The initial bylaws of a corporation shall be adopted by its board of directors. The power to alter, amend or repeal the bylaws or adopt new bylaws shall be vested in the board of directors unless otherwise provided in the articles of incorporation or the bylaws. The bylaws may contain any provisions for the regulation and management of the affairs of a corporation not inconsistent with law or the articles of incorporation: PROVIDED, That where the bylaws of an existing corporation prohibit voting by mail, by electronic transmission, or by proxy or attorney-in-fact, and the quorum required by its bylaws for election of directors or transaction of other business has not been obtained at a shareholders' or members' meeting, for a period which includes at least two consecutive annual meeting dates, the board of directors shall have power to amend such bylaws to thereafter authorize voting by mail, by electronic transmission, or by proxy or attorney-in-fact. [2000 c 167 § 2; 1970 ex.s. c 78 § 1; 1969 ex.s. c 120 § 19.]

24.06.100 Meetings of members and shareholders.

Meetings of members and/or shareholders may be held at such place, either within or without this state, as may be provided in the bylaws. In the absence of any such provision, all meetings shall be held at the registered office of the corporation in this state.

An annual meeting of the members and shareholders shall be held at such time as may be provided in the bylaws. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the corporation.

Special meetings of the members or shareholders may be called by the president or by the board of directors. Special meetings of the members or shareholders may also be called by such other officers or persons or number or proportion of members or shareholders as may be provided in the articles of incorporation or the bylaws. In the absence of a provision fixing the number or proportion of members or shareholders entitled to call a meeting, a special meeting of members or shareholders may be called by persons having one-twentieth of the votes entitled to be cast at such meeting. Only business within the purpose or purposes described in the meeting notice required by RCW 24.06.105 may be conducted at a special meeting.

If the articles of incorporation or bylaws so provide, members or shareholders may participate in any meeting of members or shareholders by any means of communication by which all persons participating in the meeting can hear each other during the meeting. A member or shareholder participating in a meeting by this means is deemed to be present in person at the meeting. [2001 c 271 § 5; 1969 ex.s. c 120 § 20.]

24.06.105 Notice of meetings. Written or printed notice or, if specifically permitted by the articles of incorporation or bylaws of the corporation, notice given by electronic transmission, stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten nor more than fifty days before the date of the meeting, either personally or by mail or electronic transmission, by or at the direction of the president, or the secretary, or the officers or persons calling the meeting, to each member or shareholder entitled to vote at such meeting. If provided in the articles of incorporation, notice of regular meetings other than annual may be made by providing each member with the adopted schedule of regular meetings for the ensuing year at any time after the annual meeting and ten days prior to a regular meeting and at any time when requested by a member or by such other notice as may be prescribed by the bylaws. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member or shareholder at his or her address as it appears on the records of the corporation, with postage thereon prepaid. If sent by electronic transmission, the notice is deemed to be delivered when sent, addressed to the member or shareholder at his or her electronic transmission address as it appears on the records of the corporation. [2000 c 167 § 3; 1969 ex.s. c 120 § 21.]

24.06.110 Voting. The right of a class or classes of members or shareholders to vote may be limited, enlarged or

denied to the extent specified in the articles of incorporation. Unless so limited, enlarged or denied, each member and each outstanding share of each class shall be entitled to one vote on each matter submitted to a vote of members or shareholders. No member of a class may acquire any interest which will entitle him or her to a greater vote than any other member of the same class.

A member or shareholder may vote in person or, unless the articles of incorporation or the bylaws otherwise provide, may vote by mail, by electronic transmission, or by proxy executed in writing by the member or shareholder or by his or her duly authorized attorney-in-fact: PROVIDED, That no proxy shall be valid for more than eleven months from the date of its execution unless otherwise specified in the proxy.

If a member or shareholder may vote by proxy, the proxy may be given by:

(1) Executing a writing authorizing another person or persons to act for the member or shareholder as proxy. Execution may be accomplished by the member or shareholder or the member's or shareholder's authorized officer, director, employee, or agent signing the writing or causing his or her signature to be affixed to the writing by any reasonable means including, but not limited to, facsimile signature; or

(2) Authorizing another person or persons to act for the member or shareholder as proxy by transmitting or authorizing the transmission of an electronic transmission to the person who will be the holder of the proxy, or to a proxy solicitation firm, proxy support service organization, or like agent duly authorized by the person who will be the holder of the proxy to receive the transmission. If it is determined that the electronic transmissions are valid, the inspector of election or, if there are no inspectors, any other officer or agent of the corporation making that determination on behalf of the corporation shall specify the information upon which they relied. The corporation shall require the holders of proxies received by electronic transmission to provide to the corporation copies of the electronic transmission and the corporation shall retain copies of the electronic transmission for a reasonable period of time.

If specifically permitted by the articles of incorporation or bylaws, whenever proposals or directors or officers are to be voted upon, such vote may be taken by mail or by electronic transmission if the name of each candidate and the text of each proposal to be so voted upon are set forth in a writing accompanying or contained in the notice of meeting. Persons voting by mail or by electronic transmission shall be deemed present for all purposes of quorum, count of votes and percentages of total voting power voting.

The articles of incorporation or the bylaws may provide that in all elections for directors every person entitled to vote shall have the right to cumulate his or her vote and to give one candidate a number of votes equal to his or her vote multiplied by the number of directors to be elected, or by distributing such votes on the same principle among any number of such candidates. [2001 c 271 § 6; 2000 c 167 § 4; 1969 ex.s. c 120 § 22.]

24.06.115 Quorum. The articles of incorporation or the bylaws may provide the number or percentage of votes which members or shareholders are entitled to cast in person, by mail, by electronic transmission, or by proxy, which shall

constitute a quorum at meetings of shareholders or members. However, in no event shall a quorum be less than one-fourth, or in the case of consumer cooperatives, five percent, of the votes which members or shareholders are entitled to cast in person, by mail, by electronic transmission, or by proxy, at a meeting considering the adoption of a proposal which is required by the provisions of this chapter to be adopted by at least two-thirds of the votes which members or shareholders present at the meeting in person or by mail, by electronic transmission, or represented by proxy are entitled to cast. In all other matters and in the absence of any provision in the articles of incorporation or bylaws, a quorum shall consist of one-fourth, or in the case of consumer cooperatives, five percent, of the votes which members or shareholders are entitled to cast in person, by mail, by electronic transmission, or by proxy at the meeting. On any proposal on which a class of shareholders or members is entitled to vote as a class, a quorum of the class entitled to vote as such class must also be present in person, by mail, by electronic transmission, or represented by proxy. [2001 c 271 § 7; 2000 c 167 § 5; 1969 ex.s. c 120 § 23.]

24.06.120 Class voting. A class of members or shareholders shall be entitled to vote as a class upon any proposition, whether or not entitled to vote thereon by the provisions of the articles of incorporation, if the proposition would increase or decrease the rights, qualifications, limitations, responsibilities or preferences of the class as related to any other class. [1969 ex.s. c 120 § 24.]

24.06.125 Board of directors. The affairs of the corporation shall be managed by a board of directors. Directors need not be residents of this state or members or shareholders of the corporation unless the articles of incorporation or the bylaws so require. The articles of incorporation or the bylaws may prescribe other qualifications for directors. [1969 ex.s. c 120 § 25.]

24.06.130 Number and election of directors. The number of directors of a corporation shall be not less than three and shall be fixed by the bylaws: PROVIDED, That the number of the first board of directors shall be fixed by the articles of incorporation. The number of directors may be increased or decreased from time to time by amendment to the bylaws, unless the articles of incorporation provide that a change in the number of directors shall be made only by amendment of the articles of incorporation. No decrease in number shall have the effect of shortening the term of any incumbent director. In the absence of a bylaw fixing the number of directors, the number shall be the same as that stated in the articles of incorporation.

The directors constituting the first board of directors shall be named in the articles of incorporation and shall hold office until the first annual election of directors or for such other period as may be specified in the articles of incorporation or the bylaws. Thereafter, directors shall be elected or appointed in the manner and for the terms provided in the articles of incorporation or the bylaws. In the absence of a provision fixing the term of office, the term of office of a director shall be one year.

Directors may be divided into classes and the terms of office of the several classes need not be uniform. Each director shall hold office for the term for which he or she is elected or appointed and until his or her successor shall have been elected or appointed and qualified.

A director may be removed from office pursuant to any procedure therefor provided in the articles of incorporation. [2011 c 336 § 665; 1969 ex.s. c 120 § 26.]

24.06.135 Vacancies. Any vacancy occurring in the board of directors and any directorship to be filled by reason of an increase in the number of directors may be filled by the board of directors unless the articles of incorporation or the bylaws provide that a vacancy or directorship so created shall be filled in some other manner. A director elected or appointed, as the case may be, to fill a vacancy, shall be elected or appointed for the unexpired term of his or her predecessor in office. [2011 c 336 § 666; 1969 ex.s. c 120 § 27.]

24.06.140 Quorum of directors. A majority of the number of directors fixed by the bylaws, or in the absence of a bylaw fixing the number of directors, then of the number stated in the articles of incorporation, shall constitute a quorum for the transaction of business, unless otherwise provided in the articles of incorporation or the bylaws: PROVIDED, That a quorum shall never consist of less than one-third of the number of directors so fixed or stated. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by this chapter, the articles of incorporation, or the bylaws. [1969 ex.s. c 120 § 28.]

24.06.145 Committees. If the articles of incorporation or the bylaws so provide, the board of directors, by resolution adopted by a majority of the directors in office, may designate and appoint one or more committees each of which shall consist of two or more directors, which committees, to the extent provided in such resolution, in the articles of incorporation, or in the bylaws of the corporation, shall have and exercise the authority of the board of directors in the management of the corporation: PROVIDED, That no such committee shall have the authority of the board of directors in reference to:

- (1) Amending, altering, or repealing the bylaws;
- (2) Electing, appointing, or removing any member of any such committee or any director or officer of the corporation;
- (3) Amending the articles of incorporation;
- (4) Adopting a plan of merger or a plan of consolidation with another corporation;
- (5) Authorizing the sale, lease, exchange, or mortgage, of all or substantially all of the property and assets of the corporation;
- (6) Authorizing the voluntary dissolution of the corporation or revoking proceedings therefor; or
- (7) Amending, altering, or repealing any resolution of the board of directors which by its terms provides that it shall not be amended, altered, or repealed by such committee.

The designation and appointment of any such committee and the delegation thereto of authority shall not operate to relieve the board of directors, or any individual director of

any responsibility imposed upon it or him or her by law. [2011 c 336 § 667; 1969 ex.s. c 120 § 29.]

24.06.150 Directors' meetings. Meetings of the board of directors, regular or special, may be held either within or without this state, and upon such notice as the bylaws may prescribe. Attendance of a director at any meeting shall constitute a waiver of notice of such meeting except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.

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. [2001 c 271 § 8; 1969 ex.s. c 120 § 30.]

24.06.153 Duties of director or officer—Standards—Liability. (1) A director shall discharge the duties of a director, including duties as a member of a committee, and 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 director or officer reasonably believes to be in the best interests of the corporation.

(2) In discharging the duties of a director or an officer, a director or 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 director or 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 director or officer reasonably believes are within the person's professional or expert competence.

In addition, a director is entitled to rely on 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 or an officer is not acting in good faith if the director or officer has knowledge concerning the matter in question that makes reliance otherwise permitted by subsection (2) of this section unwarranted.

(4) A director or officer is not liable for any action taken as a director or as an officer, or any failure to take any action, if the director or officer performed the duties of the director's or officer's office in compliance with this section. [2001 c 271 § 9.]

24.06.155 Officers. The officers of a corporation shall consist of a president, one or more vice presidents, a secretary, a treasurer and such other officers and assistant officers as may be deemed necessary, each of whom shall be elected

or appointed at such time and in such manner and for such terms not exceeding three years as may be prescribed in the articles of incorporation or the bylaws. In the absence of any such provision, all officers shall be elected or appointed annually by the board of directors. If the bylaws so provide, any two or more offices may be held by the same person, except the offices of president and secretary.

The articles of incorporation or the bylaws may provide that any one or more officers of the corporation shall be ex officio members of the board of directors.

The officers of a corporation may be designated by such additional titles as may be provided in the articles of incorporation or the bylaws. [1969 ex.s. c 120 § 31.]

24.06.160 Books and records. Each corporation shall keep correct and complete books and records of account and shall keep minutes of the proceedings of its members, shareholders, board of directors, and committees having any of the authority of the board of directors; and shall keep at its registered office or principal office in this state a record of the names and addresses of its members and shareholders entitled to vote. All books and records of a corporation may be inspected by any member or shareholder, or his or her agent or attorney, for any proper purpose at any reasonable time. [2011 c 336 § 668; 1969 ex.s. c 120 § 32.]

24.06.165 Loans to directors or officers. No loans exceeding or more favorable than those which are customarily made to members or shareholders shall be made by a corporation to its directors or officers. The directors of a corporation who vote for or assent to the making of a loan in violation of this section to a director or officer of the corporation, and any officer or officers participating in the making of such loan, shall be jointly and severally liable to the corporation for the amount of such loan until the repayment thereof. [1969 ex.s. c 120 § 33.]

24.06.175 Effect of filing of articles of incorporation. Upon the filing of the articles of incorporation, the corporate existence shall begin, and the certificate of incorporation shall, except as against the state in a proceeding to cancel or revoke the certificate of incorporation, be conclusive evidence that all conditions precedent required to be performed by the incorporators have been complied with and that the corporation has been incorporated under this chapter. [1982 c 35 § 129; 1969 ex.s. c 120 § 35.]

Intent—Severability—Effective dates—Application—1982 c 35: See notes following RCW 43.07.160.

24.06.180 Organization meeting. After the issuance of the certificate of incorporation an organization meeting of the board of directors named in the articles of incorporation shall be held, either within or without this state, at the call of a majority of the incorporators, for the purpose of adopting bylaws, electing officers and the transaction of such other business as may come before the meeting. The incorporators calling the meeting shall give at least three days' notice thereof by mail to each director so named, which notice shall state the time and place of the meeting.

A first meeting of the members and shareholders may be held at the call of the directors, or a majority of them, upon at

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least three days' notice, for such purposes as shall be stated in the notice of the meeting. [1969 ex.s. c 120 § 36.]

24.06.185 Right to amend articles of incorporation. A corporation may amend its articles of incorporation from time to time in any and as many respects as may be desired, so long as its articles of incorporation as amended contain only such provisions as are lawful under this chapter. A member or shareholder of a corporation does not have a vested property right resulting from any provision in the articles of incorporation. [2001 c 271 § 10; 1969 ex.s. c 120 § 37.]

24.06.190 Procedure to amend articles of incorporation. Amendments to the articles of incorporation shall be made in the following manner:

A corporation's board of directors may amend the articles of incorporation to change the name of the corporation, without seeking member or shareholder approval. With respect to amendments other than to change the name of the corporation, the board of directors shall adopt a resolution setting forth the proposed amendment and directing that it be submitted to a vote at a meeting of members and shareholders, which may be either an annual or a special meeting. Written or printed notice or, if specifically permitted by the articles of incorporation or bylaws of the corporation, notice by electronic transmission, setting forth the proposed amendment or a summary of the changes to be effected thereby shall be given to each member and shareholder entitled to vote at such meeting within the time and in the manner provided in this chapter for the giving of notice of meetings of members and shareholders. The proposed amendment shall be adopted upon receiving at least two-thirds of the votes which members or shareholders present in person or by mail or by electronic transmission at such meeting or represented by proxy are entitled to cast: PROVIDED, That when any class of shares or members is entitled to vote thereon by class, the proposed amendment must receive at least two-thirds of the votes of the members or shareholders of each class entitled to vote thereon as a class, who are present in person, by mail, by electronic transmission, or represented by proxy at such meeting.

Any number of amendments may be submitted and voted upon at any one meeting. [2001 c 271 § 11; 2000 c 167 § 6; 1969 ex.s. c 120 § 38.]

24.06.195 Articles of amendment. The articles of amendment shall be executed in duplicate originals by the corporation by an officer of the corporation, and shall set forth:

- (1) The name of the corporation.
- (2) Any amendment so adopted.
- (3) If an amendment was adopted by the board of directors without being submitted for member or shareholder action, a statement to that effect and that member or shareholder action was not required; or a statement setting forth the date of the meeting of members and shareholders at which the amendment was adopted, that a quorum was present at such meeting, and that such amendment received at least two-thirds of the votes which members or shareholders of the corporation, and of each class entitled to vote thereon as a class,

present at such meeting in person, by mail, by electronic transmission, or represented by proxy were entitled to cast, or a statement that such amendment was adopted by a consent in writing signed by all members and shareholders entitled to vote with respect thereto. [2001 c 271 § 12; 2000 c 167 § 7; 1982 c 35 § 130; 1981 c 302 § 6; 1969 ex.s. c 120 § 39.]

Intent—Severability—Effective dates—Application—1982 c 35: See notes following RCW 43.07.160.

Additional notes found at www.leg.wa.gov

24.06.200 Filing of articles of amendment—Procedure. The articles of amendment shall be delivered to the secretary of state for filing in accordance with Article 2 of chapter 23.95 RCW. [2015 c 176 § 4110; 1982 c 35 § 131; 1981 c 302 § 7; 1969 ex.s. c 120 § 40.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

Intent—Severability—Effective dates—Application—1982 c 35: See notes following RCW 43.07.160.

Additional notes found at www.leg.wa.gov

24.06.205 When amendment becomes effective—Existing actions and rights not affected. Upon the filing of the articles of amendment by the secretary of state, the amendment shall become effective as provided in RCW 23.95.210 and the articles of incorporation shall be deemed to be amended accordingly.

No amendment shall affect any existing cause of action in favor of or against such corporation, nor any pending action to which such corporation shall be a party, nor the existing rights of persons other than members; and, in the event the corporate name shall be changed by amendment, no action brought by or against such corporation under its former name shall abate for that reason. [2015 c 176 § 4111; 1982 c 35 § 132; 1969 ex.s. c 120 § 41.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

Intent—Severability—Effective dates—Application—1982 c 35: See notes following RCW 43.07.160.

24.06.207 Restated articles of incorporation. A domestic corporation may at any time restate its articles of incorporation as theretofore amended, by a resolution adopted by the board of directors.

Upon the adoption of the resolution, restated articles of incorporation shall be executed by the corporation by one of its officers and shall set forth all of the operative provisions of the articles of incorporation as theretofore amended together with a statement that the restated articles of incorporation correctly set forth without change the corresponding provisions of the articles of incorporation as theretofore amended and that the restated articles of incorporation supersede the original articles of incorporation and all amendments thereto.

The restated articles of incorporation shall be delivered to the secretary of state for filing in accordance with Article 2 of chapter 23.95 RCW.

Upon the filing of the restated articles of incorporation by the secretary of state, the restated articles of incorporation shall become effective as provided in RCW 23.95.210 and

shall supersede the original articles of incorporation and all amendments thereto. [2015 c 176 § 4112; 1982 c 35 § 133.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

Intent—Severability—Effective dates—Application—1982 c 35: See notes following RCW 43.07.160.

24.06.210 Procedure for merger. Any two or more domestic corporations may merge into one of such corporations pursuant to a plan of merger approved in the manner provided in this chapter.

Each corporation shall adopt a plan of merger setting forth:

(1) The names of the corporations proposing to merge, and the name of the corporation into which they propose to merge, which is hereinafter designated as the surviving corporation.

(2) The terms and conditions of the proposed merger.

(3) A statement of any changes in the articles of incorporation of the surviving corporation to be effected by such merger.

(4) Such other provisions with respect to the proposed merger as are deemed necessary or desirable. [1969 ex.s. c 120 § 42.]

24.06.215 Procedure for consolidation. Any two or more domestic corporations may consolidate into a new corporation pursuant to a plan of consolidation approved in the manner provided in this chapter.

Each corporation shall adopt a plan of consolidation setting forth:

(1) The names of the corporations proposing to consolidate, and the name of the new corporation into which they propose to consolidate, which is hereinafter designated as the new corporation.

(2) The terms and conditions of the proposed consolidation.

(3) With respect to the new corporation, all of the statements required to be set forth in articles of incorporation for corporations organized under this chapter.

(4) Such other provisions with respect to the proposed consolidation as are deemed necessary or desirable. [1969 ex.s. c 120 § 43.]

24.06.220 Approval of merger or consolidation. A plan of merger or consolidation shall be adopted in the following manner:

The board of directors of such corporation shall adopt a resolution approving the proposed plan and directing that it be submitted to a vote at a meeting of members or shareholders which may be either an annual or a special meeting. Written or printed notice or, if specifically permitted by the articles of incorporation or bylaws of the corporation, notice by electronic transmission, setting forth the proposed plan or a summary thereof shall be given to each member and shareholder within the time and in the manner provided in this chapter for the giving of notice of meetings of members and shareholders. The proposed plan shall be adopted upon receiving at least two-thirds of the votes which members and shareholders present in person or by mail or by electronic transmission at each such meeting or represented by proxy

are entitled to cast: PROVIDED, That when any class of shares or members is entitled to vote thereon as a class, the proposed amendment must receive at least two-thirds of the votes of the members or shareholders of each class entitled to vote thereon as a class, who are present in person, by mail, by electronic transmission, or represented by proxy at such meeting.

After such approval, and at any time prior to the filing of the articles of merger or consolidation, the merger or consolidation may be abandoned pursuant to provisions therefor, if any, set forth in the plan of merger or consolidation. [2000 c 167 § 8; 1969 ex.s. c 120 § 44.]

24.06.225 Articles of merger or consolidation. (1) Upon approval, articles of merger or articles of consolidation shall be executed by each corporation, by an officer of each corporation, and shall set forth:

- (a) The plan of merger or the plan of consolidation;
- (b) A statement setting forth the date of the meeting of members or shareholders at which the plan was adopted, that a quorum was present at such meeting, and that such plan received at least two-thirds of the votes which members and shareholders of the corporation and of each class entitled to vote thereon as a class, present at such meeting in person or by mail or by electronic transmission or represented by proxy were entitled to cast, or a statement that such amendment was adopted by a consent in writing signed by all members.

(2) The articles of merger or articles of consolidation shall be delivered to the secretary of state for filing in accordance with Article 2 of chapter 23.95 RCW. [2015 c 176 § 4113; 2000 c 167 § 9; 1982 c 35 § 134; 1981 c 302 § 8; 1969 ex.s. c 120 § 45.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

Intent—Severability—Effective dates—Application—1982 c 35: See notes following RCW 43.07.160.

Additional notes found at www.leg.wa.gov

24.06.230 Merger or consolidation—When effected. Upon the filing of articles of merger, or the articles of consolidation by the secretary of state, the merger or consolidation shall be effected. [1982 c 35 § 135; 1969 ex.s. c 120 § 46.]

Intent—Severability—Effective dates—Application—1982 c 35: See notes following RCW 43.07.160.

24.06.233 Merger or consolidation of domestic and foreign corporation—Participation in an exchange. One or more foreign corporations and one or more domestic corporations may be merged or consolidated or participate in an exchange in the following manner, if such merger, consolidation, or exchange is permitted by the laws of the state under which each such foreign corporation is organized:

(1) Each domestic corporation shall comply with the provisions of this title with respect to the merger, consolidation, or exchange, as the case may be, of domestic corporations and each foreign corporation shall comply with the applicable provisions of the laws of the state under which it is organized.

(2) If the surviving or new corporation in a merger or consolidation is to be governed by the laws of any state other than this state, it shall comply with the provisions of this title

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and Article 5 of chapter 23.95 RCW with respect to foreign corporations if it is to transact business in this state, and in every case it shall file with the secretary of state of this state:

(a) An agreement that it may be served with process in accordance with RCW 23.95.450 in any proceeding for the enforcement of any obligation of any domestic corporation which is a party to such merger or consolidation and in any proceeding for the enforcement of the rights, if any, of a dissenting shareholder of any such domestic corporation against the surviving or new corporation; and

(b) An agreement that it will promptly pay to the dissenting shareholders of any such domestic corporation the amount, if any, to which they shall be entitled under the provisions of this title with respect to the rights of dissenting shareholders.

The effect of such merger or consolidation shall be the same as in the case of the merger or consolidation of domestic corporations, if the surviving or new corporation is to be governed by the laws of this state. If the surviving or new corporation is to be governed by the laws of any state other than this state, the effect of such merger or consolidation shall be the same as in the case of the merger or consolidation of domestic corporations except insofar as the laws of such other state provide otherwise.

(3) At any time prior to the effective date of the articles of merger, consolidation, or exchange, the merger, consolidation, or exchange, may be abandoned pursuant to provision therefor, if any, set forth in the plan of merger, consolidation or exchange. In the event the merger, consolidation, or exchange is abandoned, the parties thereto shall execute a notice of abandonment signed by an officer for each corporation signing the notice and deliver the notice to the secretary of state for filing in accordance with Article 2 of chapter 23.95 RCW. [2015 c 176 § 4114; 1982 c 35 § 136.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

Intent—Severability—Effective dates—Application—1982 c 35: See notes following RCW 43.07.160.

24.06.235 Effect of merger or consolidation. When such merger or consolidation has been effected:

(1) The several corporations party to the plan of merger or consolidation shall be a single corporation, which, in the case of a merger, shall be that corporation designated in the plan of merger as the surviving corporation, and, in the case of a consolidation, shall be the new corporation provided for in the plan of consolidation.

(2) The separate existence of all corporations party to the plan of merger or consolidation, except the surviving or new corporation, shall cease.

(3) The surviving or new corporation shall have all the rights, privileges, immunities and powers, and shall be subject to all the duties and liabilities of a corporation organized under this chapter.

(4) The surviving or new corporation shall thereupon and thereafter possess all the rights, privileges, immunities, and franchises, whether of a public or a private nature, of each of the merging or consolidating corporations; all property, real, personal and mixed, and all debts due on whatever account, and all other choses in action, and all and every other interest, of or belonging to or due to each of the corporations so

merged or consolidated, shall be taken and deemed to be transferred to and vested in such single corporation without further act or deed; and no title to any real estate, or any interest therein, vested in any of such corporations shall not revert nor be in any way impaired by reason of such merger or consolidation.

(5) The surviving or new corporation shall thenceforth be responsible and liable for all the liabilities and obligations of each of the corporations so merged or consolidated; and any claim existing or action or proceeding pending by or against any of such corporations may be prosecuted as if such merger or consolidation had not taken place, or such surviving or new corporation may be substituted in its place. No rights of creditors nor any liens upon the property of any such corporation shall be impaired by such merger or consolidation.

(6) In the case of a merger, the articles of incorporation of the surviving corporation shall be deemed to be amended to the extent, if any, that changes in its articles of incorporation are stated in the plan of merger; and, in the case of a consolidation, the statements set forth in the articles of consolidation and which are required or permitted to be set forth in the articles of incorporation of corporations organized under this chapter shall be deemed to be the articles of incorporation of the new corporation. [1969 ex.s. c 120 § 47.]

24.06.240 Sale, lease, exchange, etc., of property and assets. A sale, lease, exchange, or other disposition of all or substantially all of the property and assets of a corporation may be made upon such terms and conditions and for such consideration, which may consist in whole or in part of money or property, real or personal, including shares of any corporation for profit, domestic or foreign, as may be authorized in the following manner:

(1) The board of directors shall adopt a resolution recommending a sale, lease, exchange, or other disposition and directing that it be submitted to a vote at a meeting of members or shareholders which may be either an annual or a special meeting.

(2) Written or printed notice or, if specifically permitted by the articles of incorporation or bylaws of the corporation, notice by electronic transmission, stating that the purpose or one of the purposes of such meeting is to consider the sale, lease, exchange, or other disposition of all or substantially all of the property and assets of the corporation shall be given to each member and shareholder within the time and in the manner provided by this chapter for the giving of notice of meetings of members and shareholders.

(3) At such meeting the members may authorize such sale, lease, exchange, or other disposition and may fix, or may authorize the board of directors to fix, any or all of the terms and conditions thereof and the consideration to be received by the corporation therefor.

(4) Such authorization shall require at least two-thirds of the votes which members and shareholders present at such meetings in person, by mail, by electronic transmission, or represented by proxy are entitled to cast: PROVIDED, That even after such authorization by a vote of members or shareholders, the board of directors may, in its discretion, without further action or approval by members, abandon such sale, lease, exchange, or other disposition of assets, subject only to

the rights of third parties under any contracts relating thereto. [2000 c 167 § 10; 1969 ex.s. c 120 § 48.]

24.06.245 Right of member or shareholder to dissent.

Any member or shareholder of a corporation shall have the right to dissent from any of the following corporate actions:

(1) Any plan of merger or consolidation to which the corporation is a party other than a merger or consolidation in which all members or shareholders of the corporation have the right to continue their membership or shareholder status in the surviving corporation on substantially similar terms; or

(2) Any sale or exchange of all or substantially all of the property and assets of the corporation not made in the usual and regular course of its business, including a sale in dissolution, but not including a sale pursuant to an order of a court having jurisdiction in the premises or a sale for cash on terms requiring that all or substantially all of the net proceeds of sale be distributed to the shareholders in accordance with their respective interests within one year after the date of sale; or

(3) Any amendment to the articles of incorporation that materially reduces the number of shares owned by a shareholder to a fraction of a share if the fractional share is to be acquired by the corporation for cash; or

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

A member or shareholder entitled to dissent and obtain payment for the member's or shareholder's membership interest or shares under this chapter may not challenge the corporate action creating the member's or 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 member or shareholder or the corporation.

The provisions of this section shall not apply to the members or shareholders of the surviving corporation in a merger if such corporation is on the date of the filing of the articles of merger the owner of all the outstanding shares of the other corporations, domestic or foreign, which are parties to the merger.

The meeting notice for any meeting at which a proposed corporate action creating dissenters' rights is submitted to a vote must state that members or shareholders are or may be entitled to assert dissenters' rights and be accompanied by a copy of RCW 24.06.250. [2001 c 271 § 13; 1969 ex.s. c 120 § 49.]

24.06.250 Exercise of right of dissent—Rights and liabilities.

Any member or shareholder electing to exercise such right of dissent shall file with the corporation, prior to or at the meeting of members and shareholders at which such proposed corporate action is submitted to a vote, a written objection to such proposed corporate action. If such proposed corporate action be approved by the required vote and such member or shareholder shall not have voted in favor thereof, such member or shareholder may, within ten days after the date on which the vote was taken, make written demand on the corporation, or, in the case of a merger or consolidation,

on the surviving or new corporation, domestic or foreign, for payment of the fair value of such member's membership or of such shareholder's shares, and, if such proposed corporate action is effected, such corporation shall pay to such member, upon surrender of his or her membership certificate, if any, or to such shareholder, upon surrender of the certificate or certificates representing such shares, the fair value thereof as of the day prior to the date on which the vote was taken approving the proposed corporate action, excluding any appreciation or depreciation in anticipation of such corporate action. Any member or shareholder failing to make demand within the ten day period shall be bound by the terms of the proposed corporate action. Any member or shareholder making such demand shall thereafter be entitled only to payment as in this section provided and shall not be entitled to vote or to exercise any other rights of a member or shareholder.

No such demand shall be withdrawn unless the corporation shall consent thereto. The right of such member or shareholder to be paid the fair value of his or her membership or shares shall cease and his or her status as a member or shareholder shall be restored, without prejudice to any corporate proceedings which may have been taken during the interim, if:

- (1) Such demand shall be withdrawn upon consent; or
- (2) The proposed corporate action shall be abandoned or rescinded or the members or shareholders shall revoke the authority to effect such action; or
- (3) In the case of a merger, on the date of the filing of the articles of merger the surviving corporation is the owner of all the outstanding shares of the other corporations, domestic and foreign, that are parties to the merger; or
- (4) A court of competent jurisdiction shall determine that such member or shareholder is not entitled to the relief provided by this section.

Within ten days after such corporate action is effected, the corporation, or, in the case of a merger or consolidation, the surviving or new corporation, domestic or foreign, shall give written notice thereof to each dissenting member or shareholder who has made demand as herein provided, and shall make a written offer to each such member or shareholder to pay for such shares or membership at a specified price deemed by such corporation to be the fair value thereof. Except in cases where the fair value payable to dissenters is fixed in the articles of incorporation or pursuant to RCW 24.06.255, such notice and offer shall be accompanied by a balance sheet of the corporation in which the member holds his or her membership or the dissenting shareholder holds shares, as of the latest available date and not more than twelve months prior to the making of such offer, and a profit and loss statement of such corporation for the twelve months' period ended on the date of such balance sheet.

If the fair value payable to dissenting members or shareholders is fixed in the articles of incorporation or pursuant to RCW 24.06.255, or if within thirty days after the date on which such corporate action was effected the fair value of such shares or membership is agreed upon between any such dissenting member or shareholder and the corporation, payment therefor shall be made within ninety days after the date on which such corporate action was effected, upon surrender of the membership certificate, if any, or upon surrender of the certificate or certificates representing such shares. Upon pay-

ment of the agreed value the dissenting member or shareholder shall cease to have any interest in such membership or shares.

If the fair value payable to dissenting members or shareholders is not fixed in the articles of incorporation or pursuant to RCW 24.06.025, and within such period of thirty days a dissenting member or shareholder and the corporation do not so agree, then the dissenting member or shareholder shall be entitled to make written demand to the corporation, within sixty days after the date on which such corporate action was effected, requesting that the corporation petition for a determination of the fair value by a court. If such a demand is not timely made on the corporation, the right of such member or shareholder to demand to be paid the fair value of his or her membership or shares shall be forfeited. Within thirty days after receipt of such a written demand from any dissenting member or shareholder, the corporation shall, or at its election at any time within ninety days after the date on which such corporate action was effected may, file a petition in any court of competent jurisdiction in the county in this state where the registered office of the corporation is located praying that the fair value of such membership or shares be found and determined. If, in the case of a merger or consolidation, the surviving or new corporation is a foreign corporation without a registered office in this state, such petition shall be filed in the county where the registered office of the domestic corporation was last located. If the corporation shall fail to institute the proceeding as herein provided, any dissenting member or shareholder may do so in the name of the corporation. All dissenting members and shareholders, wherever residing, shall be made parties to the proceeding as an action against their memberships or shares quasi in rem. A copy of the petition shall be served on each dissenting member and shareholder who is a resident of this state and shall be served by registered or certified mail on each dissenting member or shareholder who is a nonresident. Service on nonresidents shall also be made by publication as provided by law. The jurisdiction of the court shall be plenary and exclusive. All members and shareholders who are parties to the proceeding shall be entitled to judgment against the corporation for the amount of the fair value of their shares. The court may, if it so elects, appoint one or more persons as appraisers to receive evidence and recommend a decision on the question of fair value. The appraisers shall have such power and authority as shall be specified in the order of their appointment or an amendment thereof. The judgment shall be payable only upon and concurrently with the surrender to the corporation of the membership certificate, if any, or of the certificate or certificates representing such shares. Upon payment of the judgment, the dissenting shareholder or member shall cease to have any interest in such shares or membership.

The judgment shall include an allowance for interest at such rate as the court may find to be fair and equitable in all the circumstances, from the date on which the vote was taken on the proposed corporate action to the date of payment.

The costs and expenses of any such proceeding shall be determined by the court and shall be assessed against the corporation, but all or any part of such costs and expenses may be apportioned and assessed as the court may deem equitable against any or all of the dissenting members and shareholders who are parties to the proceeding to whom the corporation

shall have made an offer to pay for membership or shares if the court shall find that the action of such members or shareholders in failing to accept such offer was arbitrary or vexatious or not in good faith. Such expenses shall include reasonable compensation for and reasonable expenses of the appraisers, but shall exclude the fees and expenses of counsel for and experts employed by any party; but if the fair value of the memberships or shares as determined materially exceeds the amount which the corporation offered to pay therefor, or if no offer was made, the court in its discretion may award to any member or shareholder who is a party to the proceeding such sum as the court may determine to be reasonable compensation to any expert or experts employed by the member or shareholder in the proceeding.

Within twenty days after demanding payment for his or her shares or membership, each member and shareholder demanding payment shall submit the certificate or certificates representing his or her membership or shares to the corporation for notation thereon that such demand has been made. His or her failure to do so shall, at the option of the corporation, terminate his or her rights under this section unless a court of competent jurisdiction, for good and sufficient cause shown, shall otherwise direct. If membership or shares represented by a certificate on which notation has been so made shall be transferred, each new certificate issued therefor shall bear a similar notation, together with the name of the original dissenting holder of such membership or shares, and a transferee of such membership or shares shall acquire by such transfer no rights in the corporation other than those which the original dissenting member or shareholder had after making demand for payment of the fair value thereof. [2001 c 271 § 14; 2000 c 167 § 11; 1969 ex.s. c 120 § 50.]

24.06.255 Payment of fair value to dissenting member or shareholder. Notwithstanding any provision in this chapter for the payment of fair value to a dissenting member or shareholder, (1) the articles of incorporation may provide that a dissenting member or shareholder shall be limited to a return of a lesser amount, but in no event shall a dissenting member or shareholder be limited to a return of less than the consideration paid to the corporation for the membership or shares which he or she holds unless the fair value of the membership or shares is less than the consideration paid to the corporation, and (2) the fair value payable to a dissenting member of a consumer cooperative shall be a fixed amount equal to the consideration paid to the corporation for the member's current membership unless the articles of incorporation expressly provide for a greater or lesser amount. [2001 c 271 § 15; 1969 ex.s. c 120 § 51.]

24.06.260 Voluntary dissolution. A corporation may dissolve and wind up its affairs in the following manner:

(1) The board of directors shall adopt a resolution recommending that the corporation be dissolved, and directing that the question of such dissolution be submitted to a vote at a meeting of members and shareholders which may be either an annual or a special meeting.

(2) Written or printed notice or, if specifically permitted by the articles of incorporation or bylaws of the corporation, notice by electronic transmission, stating that the purpose or one of the purposes of such meeting is to consider the advis-

ability of dissolving the corporation shall be given to each member and shareholder within the time and in the manner provided in this chapter for the giving of notice of meetings of members and shareholders.

(3) A resolution to dissolve the corporation shall be adopted upon receiving at least two-thirds of the votes which members and shareholders present in person or by mail or by electronic transmission at such meeting or represented by proxy are entitled to cast.

Upon the adoption of such resolution by the members and shareholders, the corporation shall cease to conduct its affairs and, except insofar as may be necessary for the winding up thereof, shall immediately cause a notice of the proposed dissolution to be mailed to each known creditor of the corporation and to the department of revenue, and shall proceed to collect its assets and to apply and distribute them as provided in RCW 24.06.265. [2000 c 167 § 12; 1982 c 35 § 137; 1969 ex.s. c 120 § 52.]

Intent—Severability—Effective dates—Application—1982 c 35: See notes following RCW 43.07.160.

24.06.265 Distribution of assets. The assets of a corporation in the process of dissolution shall be applied and distributed as follows:

(1) All liabilities and obligations of the corporation shall be paid, satisfied and discharged, or adequate provision made therefor;

(2) Assets held by the corporation upon condition requiring return, transfer or conveyance, which condition occurs by reason of the dissolution, shall be returned, transferred, or conveyed in accordance with such requirements;

(3) Remaining assets, if any shall be distributed to the members, shareholders or others in accordance with the provisions of the articles of incorporation. [1969 ex.s. c 120 § 53.]

24.06.270 Revocation of voluntary dissolution proceedings. A corporation may, at any time prior to the issuance of a certificate of dissolution by the secretary of state, revoke the action theretofore taken to dissolve the corporation, in the following manner:

(1) The board of directors shall adopt a resolution recommending that the voluntary dissolution proceedings be revoked, and directing that the question of such revocation be submitted to a vote at a meeting of members or shareholders which may be either an annual or a special meeting.

(2) Written or printed notice or, if specifically permitted by the articles of incorporation or bylaws of the corporation, notice by electronic transmission, stating that the purpose or one of the purposes of the meeting is to consider the advisability of revoking the voluntary dissolution proceedings shall be given to each member and shareholder within the time and in the manner provided in this chapter for the giving of notice of meetings of members or shareholders.

(3) A resolution to revoke voluntary dissolution proceedings shall be adopted upon receiving at least two-thirds of the votes which members and shareholders present in person or by mail or by electronic transmission at such meeting or represented by proxy are entitled to cast. [2000 c 167 § 13; 1969 ex.s. c 120 § 54.]

24.06.275 Articles of dissolution. If voluntary dissolution proceedings have not been revoked, then after all debts, liabilities and obligations of the corporation shall have been paid and discharged, or adequate provision shall have been made therefor, and all of the remaining property and assets of the corporation shall have been transferred, conveyed or distributed in accordance with the provisions of this chapter, articles of dissolution shall be executed in duplicate by the corporation, by an officer of the corporation; and such statement shall set forth:

- (1) The name of the corporation.
- (2) The date of the meeting of members or shareholders at which the resolution to dissolve was adopted, certifying that:
 - (a) A quorum was present at such meeting;
 - (b) Such resolution received at least two-thirds of the votes which members and shareholders present in person or by mail or by electronic transmission at such meeting or represented by proxy were entitled to cast or was adopted by a consent in writing signed by all members and shareholders;
 - (c) All debts, obligations, and liabilities of the corporation have been paid and discharged or that adequate provision has been made therefor;
 - (d) All the remaining property and assets of the corporation have been transferred, conveyed or distributed in accordance with the provisions of this chapter;
 - (e) There are no suits pending against the corporation in any court or, if any suits are pending against it, that adequate provision has been made for the satisfaction of any judgment, order or decree which may be entered; and
 - (f) A copy of a revenue clearance certificate issued pursuant to chapter 82.32 RCW. [2000 c 167 § 14; 1993 c 356 § 17; 1982 c 35 § 138; 1969 ex.s. c 120 § 55.]

Intent—Severability—Effective dates—Application—1982 c 35: See notes following RCW 43.07.160.

Additional notes found at www.leg.wa.gov

24.06.280 Filing of articles of dissolution. The articles of dissolution shall be delivered to the secretary of state for filing in accordance with Article 2 of chapter 23.95 RCW.

Upon the filing of the articles of dissolution, the corporate existence shall cease, except for the purpose of determining such suits, other proceedings and appropriate corporate action by members, directors and officers as are authorized in this chapter. [2015 c 176 § 4115; 1982 c 35 § 139; 1981 c 302 § 9; 1969 ex.s. c 120 § 56.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

Intent—Severability—Effective dates—Application—1982 c 35: See notes following RCW 43.07.160.

Additional notes found at www.leg.wa.gov

24.06.285 Involuntary dissolution. A corporation may be dissolved by decree of the superior court in an action filed on petition of the attorney general upon a showing that:

- (1) The corporation procured its articles of incorporation through fraud; or
- (2) The corporation has continued to exceed or abuse the authority conferred upon it by law. [1982 c 35 § 140; 1969 ex.s. c 120 § 57.]

(2022 Ed.)

Intent—Severability—Effective dates—Application—1982 c 35: See notes following RCW 43.07.160.

24.06.290 Proceedings for administrative dissolution—Reinstatement—Survival of actions. Failure of the corporation to file its annual report within the time required shall not derogate from the rights of its creditors, or prevent the corporation from being sued and from defending lawsuits, nor shall it release the corporation from any of the duties or liabilities of a corporation under law.

A corporation shall be administratively dissolved by the secretary of state under the circumstances and procedures provided in Article 6 of chapter 23.95 RCW.

A corporation which has been administratively dissolved under RCW 23.95.610 may apply to the secretary of state for reinstatement in accordance with RCW 23.95.615.

When a corporation has been administratively dissolved under RCW 23.95.610, remedies available to or against it shall survive in the manner provided by RCW 24.06.335 and thereafter the directors of the corporation shall hold title to the property of the corporation as trustees for the benefit of its creditors and shareholders. [2015 c 176 § 4116; 1994 c 287 § 10; 1993 c 356 § 18; 1982 c 35 § 141; 1973 c 70 § 1; 1969 ex.s. c 120 § 58.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

Intent—Severability—Effective dates—Application—1982 c 35: See notes following RCW 43.07.160.

Additional notes found at www.leg.wa.gov

24.06.295 Venue and process. Every action for the involuntary dissolution of a corporation shall be commenced by the attorney general either in the superior court of the county in which the registered office of the corporation is situated, or in the superior court of Thurston county. Summons shall issue and be served as in other civil actions. If process is returned not found, the attorney general shall cause publication to be made as in other civil cases in a newspaper published in the county where the registered office of the corporation is situated, notifying the corporation of the pendency of such action, the title of the court, the title of the action, the date on or after which default may be entered, giving the corporation thirty days within which to appear, answer, and defend. The attorney general may include in one notice the names of any number of corporations against which actions are then pending in the same court. The attorney general shall cause a copy of such notice to be mailed by certified mail to the corporation at its registered office within ten days after the first publication thereof. The certificate of the attorney general of the mailing of such notice shall be prima facie evidence thereof. Such notice shall be published at least once each week for two successive weeks, and the first publication thereof may begin at any time after the summons has been returned not found. Unless a corporation shall have been personally served with summons, no default shall be taken against it less than thirty days from the first publication of such notice. [1969 ex.s. c 120 § 59.]

24.06.300 Jurisdiction of court to liquidate assets and dissolve corporation. The superior court shall have full

power to liquidate the assets and to provide for the dissolution of a corporation when:

(1) In any action by a member, shareholder or director it is made to appear that:

(a) The directors are deadlocked in the management of the corporate affairs and that irreparable injury to the corporation is being suffered or is threatened by reason thereof, and that the members or shareholders are unable to break the deadlock; or

(b) The acts of the directors or those in control of the corporation are illegal, oppressive, or fraudulent; or

(c) The corporate assets are being misapplied or wasted; or

(d) The corporation is unable to carry out its purposes; or

(e) The shareholders have failed, for a period which includes at least two consecutive annual meeting dates, to elect successors to directors whose terms have expired or would have expired upon the election of their successors.

(2) In an action by a creditor:

(a) The claim of the creditor has been reduced to judgment and an execution thereon has been returned unsatisfied, and it is established that the corporation is insolvent; or

(b) The corporation has admitted in writing that the claim of the creditor is due and owing, and it is established that the corporation is insolvent.

(3) A corporation applies to have its dissolution continued under the supervision of the court.

(4) An action has been filed by the attorney general to dissolve the corporation and it is established that liquidation of its affairs should precede the entry of a decree of dissolution.

Proceedings under subsections (1), (2) or (3) of this section shall be brought in the county in which the registered office or the principal office of the corporation is situated.

It shall not be necessary to make directors, members or shareholders party to any such action or proceedings unless relief is sought against them personally. [1969 ex.s. c 120 § 60.]

24.06.305 Procedure in liquidation of corporation in court. (1) In proceedings to liquidate the assets and affairs of a corporation the court shall have the power to:

(a) Issue injunctions;

(b) Appoint a receiver or receivers *pendente lite*, with such powers and duties as the court may, from time to time, direct;

(c) Take such other proceedings as may be requisite to preserve the corporate assets wherever situated; and

(d) Carry on the affairs of the corporation until a full hearing can be had.

After a hearing had upon such notice as the court may direct to be given to all parties to the proceedings, and to any other parties in interest designated by the court, the court may appoint a receiver.

(2) The assets of the corporation or the proceeds resulting from the sale, conveyance, or other disposition thereof shall be applied and distributed as follows:

(a) All costs and expenses of the court proceedings, and all liabilities and obligations of the corporation shall be paid, satisfied and discharged, or adequate provision made therefor;

(b) Assets held by the corporation upon condition requiring return, transfer, or conveyance, which condition occurs by reason of the dissolution or liquidation, shall be returned, transferred, or conveyed in accordance with such requirements;

(c) Remaining assets, if any, shall be distributed to the members, shareholders, or others in accordance with the provisions of the articles of incorporation.

(3) The court shall have power to make periodic allowances, as expenses of the liquidation and compensation to the receivers and attorneys in the proceeding accrue, and to direct the payment thereof from the assets of the corporation or from the proceeds of any sale or disposition of such assets. [2004 c 165 § 41; 1969 ex.s. c 120 § 61.]

Purpose—Captions not law—2004 c 165: See notes following RCW 7.60.005.

24.06.310 Qualifications of receivers—Bond. A receiver shall in all cases be a citizen of the United States or a corporation for profit authorized to act as receiver, which corporation may be a domestic corporation or a foreign corporation authorized to transact business in this state, and shall in all cases give such bond as the court may direct with such sureties as the court may require. [1969 ex.s. c 120 § 62.]

24.06.315 Filing of claims in liquidation proceedings.

In proceedings to liquidate the assets and affairs of a corporation the court may require all creditors of the corporation to file with the clerk of the court or with the receiver, in such form as the court may prescribe, proofs under oath of their respective claims. If the court requires the filing of claims it shall fix a date, which shall be not less than four months from the date of the order, as the last day for the filing of claims, and shall prescribe the notice that shall be given to creditors and claimants of the date so fixed. Prior to the date so fixed, the court may extend the time for the filing of claims. Creditors and claimants failing to file proofs of claim on or before the date so fixed may be barred, by order of court, from participating in the distribution of the assets of the corporation. [1969 ex.s. c 120 § 63.]

24.06.320 Discontinuance of liquidation proceedings.

The liquidation of the assets and affairs of a corporation may be discontinued at any time during the liquidation proceedings when it is established that cause for liquidation no longer exists. In such event the court shall dismiss the proceedings and direct the receiver to redeliver to the corporation all its remaining property and assets. [1969 ex.s. c 120 § 64.]

24.06.325 Decree of involuntary dissolution. In proceedings to liquidate the assets and affairs of a corporation, when the costs and expenses of such proceedings and all debts, obligations, and liabilities of the corporation shall have been paid and discharged and all of its remaining property and assets distributed in accordance with the provisions of this chapter, or in case its property and assets are not sufficient to satisfy and discharge such costs, expenses, debts, and obligations, and all the property and assets have been applied so far as they will go to their payment, the court shall enter a decree dissolving the corporation, whereupon the corporate existence shall cease. [1969 ex.s. c 120 § 65.]

24.06.330 Filing of decree of dissolution. In case the court shall enter a decree dissolving a corporation, it shall be the duty of the court clerk to cause a certified copy of the decree to be filed with the secretary of state. No fee shall be charged by the secretary of state for the filing thereof. [1969 ex.s. c 120 § 66.]

24.06.335 Survival of remedies after dissolution. The dissolution of a corporation whether (1) by the filing and issuance of a certificate of dissolution, voluntary or involuntary, by the secretary of state, or (2) by a decree of court when the court has not liquidated the assets and affairs of the corporation as provided in this chapter, 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, members, 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 from the date of dissolution. Any such action or proceeding by or against the corporation may be prosecuted or defended by the corporation in its corporate name and capacity. The members, shareholders, directors, and officers shall have power to take such corporate or other action as shall be appropriate to protect any remedy, right, or claim. If the corporation was dissolved by the expiration of its period of duration, such corporation may amend its articles of incorporation at any time during the two years following dissolution, in order to extend its period of duration. If, during the period of dissolution, another person or corporation has reserved or adopted a corporate name which is identical to or deceptively similar to the dissolved corporation's name, the corporation extending its period of duration shall be required to adopt another name consistent with the requirements of this chapter and to amend its articles of incorporation accordingly. The corporation shall also pay to the state all fees and penalties which would otherwise have been due if the corporate charter had not expired, plus a reinstatement fee of twenty-five dollars. [1982 c 35 § 142; 1969 ex.s. c 120 § 67.]

Intent—Severability—Effective dates—Application—1982 c 35: See notes following RCW 43.07.160.

24.06.340 Registration of foreign corporation—Right to conduct affairs in the state. (1) No foreign corporation shall have the right to conduct affairs in this state until it registers with the secretary of state in accordance with the requirements of Article 5 of chapter 23.95 RCW.

(2) A nonexhaustive list of activities that do not constitute conducting affairs in this state is provided in RCW 23.95.520. [2015 c 176 § 4117; 1969 ex.s. c 120 § 68.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

24.06.345 Effect of registration—Governing law. A foreign corporation that registers to conduct affairs in this state is subject to RCW 23.95.500 relating to the effect of registration and the governing law for registered foreign corporations. [2015 c 176 § 4118; 1969 ex.s. c 120 § 69.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

24.06.350 Corporate name of foreign corporation. The corporate name of a foreign corporation registered in this (2022 Ed.)

state must comply with the provisions of RCW 23.95.525 and Article 3 of chapter 23.95 RCW. [2015 c 176 § 4119; 1982 c 35 § 143; 1969 ex.s. c 120 § 70.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

Intent—Severability—Effective dates—Application—1982 c 35: See notes following RCW 43.07.160.

Registration of corporate name: RCW 24.06.047.

Reservation of exclusive right to use corporate name: RCW 24.06.046.

24.06.360 Foreign registration statement—Filing. A foreign corporation may register to conduct affairs in this state by delivering to the secretary of state for filing a foreign registration statement in accordance with RCW 23.95.510. [2015 c 176 § 4120; 1989 c 307 § 38; 1982 c 45 § 2; 1969 ex.s. c 120 § 72.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

Legislative finding—1989 c 307: See note following RCW 23.86.007. Additional notes found at www.leg.wa.gov

24.06.367 Certificate of authority as insurance company—Filing of documents. For those corporations that have a certificate of authority, are applying for, or intend to apply for a certificate of authority from the insurance commissioner as an insurance company under chapter 48.05 RCW, whenever under this chapter corporate documents are required to be filed with the secretary of state, the documents shall be filed with the insurance commissioner rather than the secretary of state. [1998 c 23 § 14.]

24.06.369 Certificate of authority as insurance company—Registration or reservation of name. For those corporations that intend to apply for a certificate of authority from the insurance commissioner as an insurance company under chapter 48.05 RCW, whenever under this chapter a corporation may register or reserve a corporate name, the registration or reservation shall be filed with the insurance commissioner rather than the secretary of state. The secretary of state and insurance commissioner shall cooperate with each other in registering or reserving a corporate name so that there is no duplication of the name. [1998 c 23 § 15.]

24.06.370 Authorization to conduct affairs in the state—Right of state to terminate registration. Upon the filing of the foreign registration statement by the secretary of state, the corporation shall be authorized to conduct affairs in this state for those purposes set forth in its application subject to the right of the state to terminate the registration as provided in RCW 23.95.550. [2015 c 176 § 4121; 1982 c 35 § 145; 1969 ex.s. c 120 § 74.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

Intent—Severability—Effective dates—Application—1982 c 35: See notes following RCW 43.07.160.

24.06.375 Registered agent of foreign corporation. Every foreign corporation registered to conduct affairs in this state shall have and continuously maintain in this state a registered agent in accordance with Article 4 of chapter 23.95 RCW. [2015 c 176 § 4122; 1969 ex.s. c 120 § 75.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

24.06.380 Change of registered agent of foreign corporation. A foreign corporation registered to conduct affairs in this state may change its registered agent by delivering to the secretary of state for filing a statement of change in accordance with RCW 23.95.430. The statement shall be executed by the corporation, by an officer of the corporation.

A registered agent may change its information on file with the secretary of state in accordance with RCW 23.95.435 or 23.95.440. [2015 c 176 § 4123; 1993 c 356 § 19; 1982 c 35 § 146; 1969 ex.s. c 120 § 76.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

Intent—Severability—Effective dates—Application—1982 c 35: See notes following RCW 43.07.160.

Additional notes found at www.leg.wa.gov

24.06.385 Resignation of registered agent. Any registered agent in this state appointed by a foreign corporation may resign as such agent by executing and delivering to the secretary of state for filing a statement of resignation in accordance with RCW 23.95.445. [2015 c 176 § 4124; 1969 ex.s. c 120 § 77.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

24.06.390 Service of process, notice, or demand on corporation. Service of any process, notice or demand required or permitted by law to be served upon the corporation may be made in accordance with RCW 23.95.450. [2015 c 176 § 4125; 1969 ex.s. c 120 § 78.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

24.06.395 Failure to appoint or maintain agent—Service of process, notice, or demand. Whenever a foreign corporation authorized to conduct affairs in this state shall fail to appoint or maintain a registered agent in this state, or whenever any such registered agent cannot with reasonable diligence be found at the registered office, or whenever the certificate of authority of a foreign corporation shall be suspended or revoked service of any process, notice, or demand upon the corporation may be made in accordance with RCW 23.95.450. Nothing contained in this section shall 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. [2015 c 176 § 4126; 1982 c 35 § 147; 1969 ex.s. c 120 § 79.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

Intent—Severability—Effective dates—Application—1982 c 35: See notes following RCW 43.07.160.

24.06.400 Amendment to articles of incorporation of foreign corporation. Whenever the articles of incorporation of a foreign corporation authorized to conduct affairs in this state are amended, such foreign corporation shall, within thirty days after such amendment becomes effective, file in the office of the secretary of state a copy of such amendment duly authenticated by the proper officer designated under the

laws of the state or country in which it is incorporated: PROVIDED, That the filing thereof shall not of itself enlarge or alter the purpose or purposes for which such corporation is authorized to pursue in conducting its affairs in this state, nor authorize such corporation to conduct affairs in this state under any other name than the name set forth in its certificate of authority. [1969 ex.s. c 120 § 80.]

24.06.405 Merger of foreign corporation authorized to conduct affairs in this state. Whenever a foreign corporation authorized to conduct affairs in this state shall be a party to a statutory merger permitted by the laws of the state or country under which it is incorporated, and such corporation shall be the surviving corporation, it shall, within thirty days after such merger becomes effective, file with the secretary of state a copy of the articles of merger duly authenticated by the proper officer designated under the laws of the state or country in which such statutory merger was effected; and it shall not be necessary for such corporation to procure either a new or amended certificate of authority to conduct affairs in this state unless the name of such corporation be changed thereby or unless the corporation desires to pursue in this state other or additional purposes than those which it is then authorized to pursue in this state. [1969 ex.s. c 120 § 81.]

24.06.410 Amended foreign registration statement. A foreign corporation registered to conduct affairs in this state shall amend its foreign registration statement under the circumstances specified in RCW 23.95.515. [2015 c 176 § 4127; 1969 ex.s. c 120 § 82.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

24.06.415 Withdrawal of foreign corporation. A foreign corporation registered to conduct affairs in this state may withdraw from this state by delivering a statement of withdrawal to the secretary of state for filing in accordance with RCW 23.95.530. [2015 c 176 § 4128; 1993 c 356 § 20; 1982 c 35 § 148; 1969 ex.s. c 120 § 83.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

Intent—Severability—Effective dates—Application—1982 c 35: See notes following RCW 43.07.160.

Additional notes found at www.leg.wa.gov

24.06.425 Termination of registration. The registration of a foreign corporation to conduct affairs in this state may be terminated by the secretary of state in accordance with RCW 23.95.550. [2015 c 176 § 4129; 1982 c 35 § 150; 1969 ex.s. c 120 § 85.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

Intent—Severability—Effective dates—Application—1982 c 35: See notes following RCW 43.07.160.

24.06.435 Conducting affairs without registering. A foreign corporation conducting affairs in this state without registering with the secretary of state is subject to RCW 23.95.505. [2015 c 176 § 4130; 1969 ex.s. c 120 § 87.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

24.06.440 Annual report of domestic and foreign corporations. Each domestic corporation, and each foreign corporation registered to conduct affairs in this state, shall deliver an annual report to the secretary of state in accordance with RCW 23.95.255. [2015 c 176 § 4131; 1993 c 356 § 22; 1982 c 35 § 152; 1969 ex.s. c 120 § 88.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

Intent—Severability—Effective dates—Application—1982 c 35: See notes following RCW 43.07.160.

Additional notes found at www.leg.wa.gov

24.06.450 Applicable fees, charges, and penalties. Corporations are subject to the applicable fees, charges, and penalties established by the secretary of state under RCW 23.95.260 and 43.07.120. [2015 c 176 § 4132; 2010 1st sp.s. c 29 § 4; 1993 c 269 § 7; 1991 c 223 § 2; 1982 c 35 § 154; 1981 c 230 § 6; 1973 c 70 § 2; 1969 ex.s. c 120 § 90.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

Intent—2010 1st sp.s. c 29: "It is the intent of the legislature to restructure certain fees for the division of corporations of the office of the secretary of state in a manner that has minimal revenue impact but moves the division of corporations towards a more self-sustaining budget." [2010 1st sp.s. c 29 § 1.]

Intent—Severability—Effective dates—Application—1982 c 35: See notes following RCW 43.07.160.

Additional notes found at www.leg.wa.gov

24.06.462 Fees for services by secretary of state. See RCW 43.07.120.

24.06.465 Penalties imposed upon corporation—Penalty established by secretary of state. (1) Each corporation, domestic or foreign, which fails or refuses to file its annual report for any year within the time prescribed by this chapter shall be subject to a penalty as established and assessed by the secretary of state.

(2) Each corporation, domestic or foreign, which fails or refuses to answer truthfully and fully within the time prescribed by this chapter any interrogatories propounded by the secretary of state in accordance with the provisions of this chapter, is guilty of a misdemeanor and upon conviction thereof shall be fined in an amount not to exceed five hundred dollars on each count. [2003 c 53 § 165; 1994 c 287 § 11; 1969 ex.s. c 120 § 93.]

Intent—Effective date—2003 c 53: See notes following RCW 2.48.180.

24.06.470 Penalties imposed upon directors and officers. Each director and officer of a corporation, domestic or foreign, who fails or refuses within the time prescribed by this chapter, to answer truthfully and fully any interrogatories propounded to him or her by the secretary of state in accordance with the provisions of this chapter, which is known to such officer or director to be false in any material respect, shall be deemed to be guilty of a misdemeanor, and upon conviction thereof shall be fined in an amount not to exceed five hundred dollars on each count. [2015 c 176 § 4133; 2011 c 336 § 669; 1969 ex.s. c 120 § 94.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

(2022 Ed.)

24.06.475 Interrogatories by secretary of state. The secretary of state may propound to any corporation, domestic or foreign, subject to the provisions of this chapter, and to any officer or director thereof such interrogatories as may be reasonably necessary and proper to enable the secretary of state to ascertain whether such corporation has complied with all of the provisions of this chapter applicable to such corporation. All such interrogatories shall be answered within thirty days after the mailing thereof, or within such additional time as shall be fixed by the secretary of state, and the answers thereto shall be full and complete, made in writing, and under oath. If such interrogatories are directed to an individual, they shall be answered personally by him or her, and if directed to the corporation they shall be answered by the president, a vice president, a secretary or any assistant secretary thereof. The secretary of state need not file any document to which such interrogatories relate until such interrogatories are answered as required by this section, and even not then if the answers thereto disclose that the document is not in conformity with the provisions of this chapter.

The secretary of state shall certify to the attorney general, for such action as the attorney general may deem appropriate, all interrogatories and answers thereto which disclose a violation of any of the provisions of this chapter. [2011 c 336 § 670; 1982 c 35 § 157; 1969 ex.s. c 120 § 95.]

Intent—Severability—Effective dates—Application—1982 c 35: See notes following RCW 43.07.160.

24.06.480 Confidential nature of information disclosed by interrogatories. Interrogatories propounded by the secretary of state and the answers thereto shall not be open to public inspection, nor shall the secretary of state disclose any facts or information obtained therefrom unless (1) his or her official duty may require that the same be made public, or (2) such interrogatories or the answers thereto are required for use in evidence in any criminal proceedings or other action by the state. [1982 c 35 § 158; 1969 ex.s. c 120 § 96.]

Intent—Severability—Effective dates—Application—1982 c 35: See notes following RCW 43.07.160.

24.06.485 Power and authority of secretary of state. The secretary of state shall have all power and authority reasonably necessary for the efficient and effective administration of this chapter, including the adoption of rules under chapter 34.05 RCW. [1982 c 35 § 159; 1969 ex.s. c 120 § 97.]

Intent—Severability—Effective dates—Application—1982 c 35: See notes following RCW 43.07.160.

Power and authority of secretary of state: RCW 23B.01.300.

24.06.490 Duty of secretary of state to file—Review of refusal to file. RCW 23.95.225 governs the secretary of state's duty to file records delivered to the secretary of state for filing, the manner and effect of filing, and procedures that apply when the secretary of state refuses to file a record. [2015 c 176 § 4134; 1982 c 35 § 160; 1969 ex.s. c 120 § 98.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

Intent—Severability—Effective dates—Application—1982 c 35: See notes following RCW 43.07.160.

24.06.500 Greater voting requirements. Whenever, with respect to any action to be taken by the members, shareholders or directors of a corporation, the articles of incorporation require the vote or concurrence of a greater proportion of the members, shareholders or directors, as the case may be, than required by this chapter with respect to such action, the provisions of the articles of incorporation shall control. [1969 ex.s. c 120 § 100.]

24.06.505 Waiver of notice. Whenever any notice is required to be given to any member, shareholder or director of a corporation under the provisions of this chapter or under the provisions of the articles of incorporation or bylaws of the corporation, a waiver thereof in writing signed by the person or persons entitled to such notice, whether made before or given after the time stated therein, shall be equivalent to the giving of such notice. [1969 ex.s. c 120 § 101.]

24.06.510 Action by members or directors without a meeting. Any action required by this chapter to be taken at a meeting of the members, shareholders or directors of a corporation, or any action which may be taken at a meeting of the members, shareholders or directors, may be taken without a meeting, if a consent in writing, setting forth the action so taken, is signed by all of the members and shareholders entitled to vote thereon, or by all of the directors, as the case may be, unless the articles or bylaws provide to the contrary.

Such consent shall have the same force and effect as a unanimous vote, and may be stated as such in any articles or document filed with the secretary of state. [1969 ex.s. c 120 § 102.]

24.06.515 Unauthorized assumption of corporate powers. All persons who assume to act as a corporation without authority so to do shall be jointly and severally liable for all debts and liabilities incurred or arising as a result thereof. [1969 ex.s. c 120 § 103.]

24.06.520 Reinstatement and renewal of corporate existence—Fee. If the term of existence of a corporation which was organized under this chapter, or which has availed itself of the privileges thereby provided expires, such corporation shall have the right to renew within two years of the expiration of its term of existence. The corporation may renew the term of its existence for a definite period or perpetually and be reinstated under any name not then in use by or reserved for a domestic corporation organized under any act of this state or a foreign corporation authorized under any act of this state to transact business or conduct affairs in this state. To do so the directors, members and officers shall adopt amended articles of incorporation containing a certification that the purpose thereof is a reinstatement and renewal of the corporate existence. They shall proceed in accordance with the provisions of this chapter for the adoption and filing of amendments to articles of incorporation. Thereupon such corporation shall be reinstated and its corporate existence renewed as of the date on which its previous term of existence expired and all things done or omitted by it or by its officers, directors, agents and members before such reinstatement shall be as valid and have the same legal effect as if its previous term of existence had not expired.

A corporation reinstating under this section shall pay to the state all fees and penalties which would have been due if the corporate charter had not expired, plus a reinstatement fee established by the secretary of state by rule. [1993 c 269 § 9; 1982 c 35 § 162; 1969 ex.s. c 120 § 106.]

Intent—Severability—Effective dates—Application—1982 c 35: See notes following RCW 43.07.160.

Additional notes found at www.leg.wa.gov

24.06.525 Reorganization of corporations or associations in accordance with this chapter. Any corporation or association organized under any other statute may be reorganized under the provisions of this chapter by adopting and filing amendments to its articles of incorporation in accordance with the provisions of this chapter for amending articles of incorporation. The articles of incorporation as amended must conform to the requirements of this chapter, and shall state that the corporation accepts the benefits and will be bound by the provisions of this chapter. [1969 ex.s. c 120 § 107.]

24.06.600 Locally regulated utilities—Attachments to poles. (1) As used in this section:

(a) "Attachment" means the affixation or installation of any wire, cable or other physical material capable of carrying electronic impulses or light waves for the carrying of intelligence for telecommunications or television, including, but not limited to cable, and any related device, apparatus, or auxiliary equipment upon any pole owned or controlled in whole or in part by one or more locally regulated utilities where the installation has been made with the necessary consent.

(b) "Locally regulated utility" means an [a] mutual corporation organized under this chapter for the purpose of providing utility service and not subject to rate or service regulation by the utilities and transportation commission.

(c) "Nondiscriminatory" means that pole owners may not arbitrarily differentiate among or between similar classes of persons approved for attachments.

(2) All rates, terms, and conditions made, demanded or received by a locally regulated utility for attachments to its poles must be just, reasonable, nondiscriminatory and sufficient. A locally regulated utility shall levy attachment space rental rates that are uniform for the same class of service within the locally regulated utility service area.

(3) Nothing in this section shall be construed or is intended to confer upon the utilities and transportation commission any authority to exercise jurisdiction over locally regulated utilities. [1996 c 32 § 2.]

24.06.610 Tariff for irrigation pumping service—Authority for locally regulated utility to buy back electricity. The board may approve a tariff for irrigation pumping service that allows the locally regulated utility to buy back electricity from customers to reduce electricity usage by those customers during the locally regulated utility's particular irrigation season. [2001 c 122 § 5.]

Additional notes found at www.leg.wa.gov

24.06.615 Conversion of domestic corporation to limited cooperative association—Procedure. (1) Except as provided in subsection (2) of this section, a domestic corpo-

ration organized under this chapter, and taking the election provided in RCW 24.06.032(1), may convert to a limited cooperative association pursuant to RCW 23.100.1302 through 23.100.1314.

(2) This section does not apply to a domestic corporation organized for the purpose of generating, purchasing, selling, marketing, transmitting, or distributing electric energy. [2019 c 37 § 1405.]

Uniformity of application and construction—Savings—2019 c 37: See RCW 23.100.1501 and 23.100.1503.

24.06.900 Short title. This chapter shall be known and may be cited as the "Nonprofit Miscellaneous and Mutual Corporation Act". [1982 c 35 § 163; 1969 ex.s. c 120 § 104.]

Intent—Severability—Effective dates—Application—1982 c 35: See notes following RCW 43.07.160.

24.06.905 Existing liabilities not terminated—Continuation of corporate existence—Application of chapter. The enactment of this chapter shall not have the effect of terminating, or in any way modifying, any liability, civil or criminal, which shall already be in existence at the date this chapter becomes effective; and any corporation existing under any prior law which expires on or before the date when this chapter takes effect shall continue its corporate existence: PROVIDED, That this chapter shall apply prospectively to all existing corporations which do not otherwise qualify under the provisions of Titles 23B and 24 RCW, to the extent permitted by the Constitution of this state and of the United States. [1991 c 72 § 44; 1969 ex.s. c 120 § 105.]

24.06.920 Effective date—1969 ex.s. c 120. This chapter is necessary for the immediate preservation of the public peace, health and safety, the support of the state government and its existing public institutions and shall take effect July 1, 1969: PROVIDED, That no corporation existing on the effective date of this chapter shall be required to conform to the provisions of this chapter until July 1, 1971. [1969 ex.s. c 120 § 110.]

Chapter 24.12 RCW CORPORATIONS SOLE

Sections

24.12.005	Application of chapter.
24.12.010	Corporations sole—Church and religious societies.
24.12.020	Corporate powers.
24.12.025	Indemnification of agents of any corporation authorized.
24.12.030	Filing articles—Property held in trust.
24.12.040	Existing corporations sole.
24.12.045	Annual report—Secretary of state's powers.
24.12.051	Notice of annual report requirement—Rules.
24.12.055	Failure to file annual report—Reinstatement after administrative dissolution.

Revolving fund of secretary of state, deposit of moneys for costs of carrying out secretary of state's functions under this chapter: RCW 43.07.130.

24.12.005 Application of chapter. Effective August 1, 2009, a corporation sole may not be formed or incorporated under this chapter. [2009 c 437 § 16.]

24.12.010 Corporations sole—Church and religious societies. Any person, being the bishop, overseer, or presiding elder of any church or religious denomination in this

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state, may, in conformity with the constitution, canons, rules, regulations, or discipline of such church or denomination, become a corporation sole, in the manner prescribed in this chapter, as nearly as may be; and, thereupon, said bishop, overseer, or presiding elder, as the case may be, together with his or her successors in office or position, by his or her official designation, shall be held and deemed to be a body corporate, with all the rights and powers prescribed in the case of corporations aggregate; and with all the privileges provided by law for religious corporations. [2011 c 336 § 671; 1915 c 79 § 1; RRS § 3884.]

24.12.020 Corporate powers. Every corporation sole shall, for the purpose of the trust, have power to contract in the same manner and to the same extent as a natural person, and may sue and be sued, and may defend in all courts and places, in all matters and proceedings whatever, and shall have authority to borrow money and give promissory notes therefor, and to secure the payment of the same by mortgage or other lien upon property, real and personal; to buy, sell, lease, mortgage and in every way deal in real and personal property in the same manner as a natural person may, and without the order of any court; to receive bequests and devises for its own use or upon trusts, to the same extent as natural persons may; and to appoint attorneys-in-fact. [1915 c 79 § 2; RRS § 3885.]

24.12.025 Indemnification of agents of any corporation authorized. See RCW 23B.17.030.

24.12.030 Filing articles—Property held in trust. Articles of incorporation shall be filed in like manner as provided by law for corporations aggregate, and therein shall be set forth the facts authorizing such incorporation, and declare the manner in which any vacancy occurring in the incumbency of such bishop, overseer, or presiding elder, as the case may be, is required by the constitution, canons, rules, regulations, or discipline of such church or denomination to be filled, which statement shall be verified by affidavit, and for proof of the appointment or election of such bishop, overseer, or presiding elder, as the case may be, or any succeeding incumbent of such corporation, it shall be sufficient to file with the secretary of state the original or a copy of his or her commission, or certificate, or letters of election or appointment, duly attested: PROVIDED, All property held in such official capacity by such bishop, overseer, or presiding elder, as the case may be, shall be in trust for the use, purpose, benefit, and behoof of his or her religious denomination, society, or church. [2011 c 336 § 672; 1981 c 302 § 10; 1915 c 79 § 3; RRS § 3886.]

Additional notes found at www.leg.wa.gov

24.12.040 Existing corporations sole. Any corporation sole heretofore organized and existing under the laws of this state may elect to continue its existence under *this title [chapter] by filing a certificate to that effect, under its corporate seal and the hand of its incumbent, or by filing amended articles of incorporation, in the form, as near as may be, as provided for corporations aggregate, and from and after the filing of such certificate of amended articles, such corporation shall be entitled to the privileges and subject to the

duties, liabilities and provisions in *this title [chapter] expressed. [1915 c 79 § 4; RRS § 3887.]

*Reviser's note: The language "this title" appeared in chapter 79, Laws of 1915, an independent act, codified herein as chapter 24.12 RCW.

24.12.045 Annual report—Secretary of state's powers. (1) Each corporation sole registered in this state shall deliver an annual report to the secretary of state in accordance with RCW 23.95.255. The report shall be executed by the corporation sole by an officer of the corporation sole or, if the corporation sole is in the hands of a receiver or trustee, it shall be executed on behalf of the corporation sole by such receiver or trustee.

(2) The secretary of state may provide that correcting or updating information appearing on previous annual or biennial filings is sufficient to constitute the current filing.

(3) The secretary may administratively dissolve a corporation sole that does not comply with this section in accordance with RCW 23.95.610. However, the secretary shall reinstate a corporation sole administratively dissolved under this subsection if the corporation sole complies with the requirements of RCW 24.12.055 within five years of the administrative dissolution. [2015 c 176 § 9113; 2009 c 437 § 13.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

24.12.051 Notice of annual report requirement—Rules. The secretary of state shall send to each corporation sole a notice in accordance with RCW 23.95.255 that its annual report must be filed as required by this chapter. [2015 c 176 § 9114; 2011 c 183 § 7; 2009 c 437 § 14.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

24.12.055 Failure to file annual report—Reinstatement after administrative dissolution. (1) The secretary of state shall, when exigent or mitigating circumstances are presented, reinstate to full active status any corporation sole previously in good standing that would otherwise be penalized or lose its active status. Any corporation sole desiring to seek relief under this section shall, within five years of the missed filing or lapse, notify the secretary of state in writing. The notification must include the name and mailing address of the corporation sole, the corporate sole officer to whom correspondence should be sent, and a statement under oath by a responsible corporate sole officer, setting forth the nature of the missed filing or lapse, the circumstances of the missed filing or lapse, that disproportionate harm would occur to the corporation sole if relief were not granted, and the relief sought.

(2) Upon receipt of the notice under subsection (1) of this section, the secretary of state shall investigate the circumstances of the missed filing or lapse.

(a) If the secretary of state is satisfied that sufficient exigent or mitigating circumstances exist; that the corporation sole has demonstrated good faith and a reasonable attempt to comply with the applicable corporate sole license statutes of this state; that disproportionate harm would occur to the corporation sole 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 reinstating the corporation sole and specifying any terms and conditions of the relief. Reinstatement may relate back to the date of lapse or dissolution.

(b) 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 final and is not appealable.

(c) 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. [2009 c 437 § 15.]

Chapter 24.20 RCW FRATERNAL SOCIETIES

Sections

24.20.010	Incorporation—Articles.
24.20.020	Filing fee.
24.20.025	Fees for services by secretary of state.
24.20.030	Powers—Not subject to license fees.
24.20.035	Indemnification of agents of any corporation authorized.

Revolving fund of secretary of state, deposit of moneys for costs of carrying out secretary of state's functions under this chapter: RCW 43.07.130.

24.20.010 Incorporation—Articles. Any grand lodge, encampment, chapter or any subordinate lodge or body of Free and Accepted Masons, Independent Order of Odd Fellows, Knights of Pythias, or other fraternal society, desiring to incorporate, shall deliver articles of incorporation to the secretary of state for filing in accordance with Article 2 of chapter 23.95 RCW; such articles shall be signed by the presiding officer and the secretary of such lodge, chapter or encampment, and attested by the seal thereof, and shall specify:

(1) The name of such lodge or other society, and the place of holding its meetings;

(2) The name of the grand body from which it derives its rights and powers as such lodge or society; or if it be a grand lodge, the manner in which its powers as such grand lodge are derived;

(3) The names of the presiding officer and the secretary having the custody of the seal of such lodge or society;

(4) What officers shall join in the execution of any contract by such lodge or society to give it force and effect in accordance with the usages of such lodges or society. [2015 c 176 § 9115; 1981 c 302 § 11; 1925 ex.s. c 63 § 1; 1903 c 80 § 1; RRS § 3865. Cf. Code 1881 § 2452; 1873 p 410 § 3.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

Additional notes found at www.leg.wa.gov

24.20.020 Filing fee. The secretary of state shall file such articles of incorporation in the secretary of state's office and issue a certificate of incorporation to any such lodge or other society upon the payment of the filing fee established by the secretary of state under RCW 23.95.260. [2015 c 176 § 9116; 1993 c 269 § 10; 1982 c 35 § 165; 1903 c 80 § 2; RRS § 3866.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

Intent—Severability—Effective dates—Application—1982 c 35: See notes following RCW 43.07.160.

Additional notes found at www.leg.wa.gov

24.20.025 Fees for services by secretary of state. See RCW 43.07.120.

24.20.030 Powers—Not subject to license fees. Such lodge or other society shall be a body politic and corporate with all the powers and incidents of a corporation upon its compliance with RCW 24.20.010 and 24.20.020: PROVIDED, HOWEVER, That such fraternal corporation shall not be subject to any license fee or other corporate tax of commercial corporations. [1903 c 80 § 3; RRS § 3867.]

24.20.035 Indemnification of agents of any corporation authorized. See RCW 23B.17.030.

Chapter 24.24 RCW

BUILDING CORPORATIONS COMPOSED OF FRATERNAL SOCIETY MEMBERS

Sections

24.24.010	Who may incorporate—Filing fee.
24.24.015	Fees for services by secretary of state.
24.24.020	Articles—Contents.
24.24.030	Powers.
24.24.040	Membership certificates.
24.24.050	Bylaws.
24.24.060	Membership—Trustees—Elections.
24.24.070	Control of business—Officers.
24.24.080	Right of corporations under the statutes.
24.24.090	Certificates of capital stock.
24.24.100	Fees.
24.24.110	Exemption from ordinary corporate taxes.
24.24.120	Indemnification of agents of any corporation authorized.

Revolving fund of secretary of state, deposit of moneys for costs of carrying out secretary of state's functions under this chapter: RCW 43.07.130.

24.24.010 Who may incorporate—Filing fee. Any ten or more residents of this state who are members of any chartered body or of different chartered bodies of any fraternal order or society who shall desire to incorporate for the purpose of owning real or personal property or both real and personal property for the purpose and for the benefit of such bodies, may make and execute articles of incorporation, which shall be executed in duplicate, and shall be subscribed by each of the persons so associating themselves together: PROVIDED, That no lodge shall be incorporated contrary to the provisions of the laws and regulations of the order or society of which it is a constituent part. Such articles, at the election of the incorporators, may either provide for the issuing of capital stock or for incorporation as a society of corporation without shares of stock. One of such articles shall be filed in the office of the secretary of state in accordance with Article 2 of chapter 23.95 RCW, accompanied by a filing fee established by the secretary of state under RCW 23.95.260, and the other of such articles shall be preserved in the records of the corporation. [2015 c 176 § 9117; 1982 c 35 § 166; 1981 c 302 § 12; 1927 c 190 § 1; RRS § 3887-1.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

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Intent—Severability—Effective dates—Application—1982 c 35: See notes following RCW 43.07.160.

Additional notes found at www.leg.wa.gov

24.24.015 Fees for services by secretary of state. See RCW 43.07.120.

24.24.020 Articles—Contents. The articles of incorporation shall set forth;

(1) The names of the persons so associating themselves together, their places of residence and the name and location of the lodge, chapter, or society to which they severally belong;

(2) The corporate name assumed by the corporation and the duration of the same if limited;

(3) The purpose of the association, which shall be to provide, maintain and operate a building or buildings to be used for fraternal and social purposes, and for the benefit of the several bodies represented in such association;

(4) The place where the corporation proposes to have its principal place of business;

(5) The amount of capital stock and the par value thereof per share, if it shall be organized as a joint stock company. [1927 c 190 § 2; RRS § 3887-2.]

24.24.030 Powers. Upon making and filing such articles of incorporation the persons subscribing the same and their successors in office and associates, by the name assumed in such articles, shall thereafter be deemed a body corporate, and may acquire and possess real and personal property and may erect and own suitable building or buildings to be used, in whole or in part, for meetings of fraternal bodies, and for all social and fraternal purposes of the several bodies represented in the membership of the corporation, and may exercise all other powers that may lawfully be exercised by other corporations organized under the general incorporation laws of Washington, including the power to borrow money, and for that purpose may issue its bonds and mortgage its property to secure the payment of such bonds. [1927 c 190 § 3; RRS § 3887-3.]

24.24.040 Membership certificates. If the corporation shall not be a joint stock company, then it may provide by its bylaws for issuing to the several bodies represented in its membership certificates of participation, which shall evidence the respective equitable interests of such bodies in the properties held by such corporation. [1927 c 190 § 4; RRS § 3887-4.]

24.24.050 Bylaws. Every such corporation shall have full power and authority to provide by its bylaws for the manner in which such certificates of participation of its certificates or shares of stock shall be held and represented, and may also in like manner provide, that its shares of stock shall not be transferred to, or be held or owned by any person, or by any corporation other than a chartered body of the order or society represented in its membership. [1927 c 190 § 5; RRS § 3887-5.]

24.24.060 Membership—Trustees—Elections. Every such corporation shall have power to provide by its bylaws

for succession to its original membership and for new membership, and also for the election from its members of a board of trustees, or a board of directors, and to fix the number and term of office of such trustees or directors; PROVIDED, That there shall always be upon such board of trustees or board of directors at least one representative from each of the several bodies represented in the membership of the association, and the term of office of a trustee shall not exceed three years. [1927 c 190 § 6; RRS § 3887-6.]

24.24.070 Control of business—Officers. The management and control of the business and property of such corporation shall be fixed in said board of trustees or board of directors, as the case may be. Said trustees or directors shall elect from their own number at each annual meeting of the corporation a president, vice president, secretary and treasurer, who shall perform the duties of their respective office in accordance with the bylaws of the corporation and the rules and regulations prescribed by the board of trustees or board of directors. [1927 c 190 § 7; RRS § 3887-7.]

24.24.080 Right of corporations under the statutes. Any corporation composed of fraternal organizations and/or members of fraternal organizations, heretofore incorporated under the laws of the state of Washington, may elect to subject [the] corporation and its capital stock and the rights of its stockholders therein to the provisions of this chapter by a majority vote of its trustees or directors and the unanimous assent or vote of the capital stock of such corporation.

If the unanimous written assent of the capital stock has not been obtained then the unanimous vote of all of the stockholders may be taken at any regular meeting of the stockholders or at any special meeting of the stockholders called for that purpose in the manner provided by the bylaws of such corporation for special meetings of the stockholders.

The president and secretary of such corporation shall certify said amendment in triplicate under the seal of such corporation as having been adopted by a majority vote of its trustees or directors and by the unanimous written assent or vote as the case may be of all of its stockholders, and file and keep the same as in the case of original articles; and from the time of filing said certificate such corporation and its capital stock and the rights of its stockholders therein shall be subject to all of the provisions of this chapter; PROVIDED, That nothing in this chapter shall affect the rights of the third person, pledgees of any shares of such capital stock, in such pledged stock, under pledges subsisting at the date of the filing of said amendment. [1927 c 190 § 8; RRS § 3887-8.]

24.24.090 Certificates of capital stock. All certificates of capital stock of corporations incorporated under or becoming subject to the provisions of this chapter shall have expressly stated on the face thereof that such corporation and its capital stock and the rights of stockholders therein are subject to the provisions of this chapter and that its capital stock is not assignable or transferable except as in this chapter provided. [1927 c 190 § 9; RRS § 3887-9.]

24.24.100 Fees. The secretary of state shall file such articles of incorporation or amendment thereto in the secretary of state's office and issue a certificate of incorporation or

amendment, as the case may be, to such fraternal association upon the payment of a fee established by the secretary of state under RCW 23.95.260. [2015 c 176 § 9118; 1993 c 269 § 11; 1982 c 35 § 167; 1927 c 190 § 10; RRS § 3887-10.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

Intent—Severability—Effective dates—Application—1982 c 35: See notes following RCW 43.07.160.

Additional notes found at www.leg.wa.gov

24.24.110 Exemption from ordinary corporate taxes. Such fraternal association shall be a body politic and corporate with all powers and incidents of a corporation upon its compliance with the provisions of this chapter; PROVIDED, HOWEVER, That such fraternal corporation shall not be subject to any license fee or other corporate tax of commercial corporations. [1927 c 190 § 11; RRS § 3887-11.]

24.24.120 Indemnification of agents of any corporation authorized. See RCW 23B.17.030.

Chapter 24.28 RCW GRANGES

Sections

24.28.010	Manner of incorporating a grange.
24.28.020	In what pursuits such corporation may engage.
24.28.030	General rights and liabilities.
24.28.035	Indemnification of agents of any corporation authorized.
24.28.040	Use of term "grange"—"Person" defined.
24.28.050	Fees for services by secretary of state.

Revolving fund of secretary of state, deposit of moneys for costs of carrying out secretary of state's functions under this chapter: RCW 43.07.130.

24.28.010 Manner of incorporating a grange. Any grange of the patrons of husbandry, desiring hereafter to incorporate, may incorporate and become bodies politic in this state, by filing in the office of the secretary of state of Washington in accordance with Article 2 of chapter 23.95 RCW, a certificate or article subscribed and acknowledged by not less than five members of such grange and by the master of the Washington state grange embodying:

(1) The name of such grange and the place of holding its meetings.

(2) What elective officers the said grange will have, when such officers shall be elected; how, and by whom, the business of the grange shall be conducted or managed, and what officers shall join in the execution of any contract by such grange to give force and effect in accordance with the usages of the order of the patrons of husbandry; such articles shall be subscribed by the master of such grange attested by the secretary, with the seal of the grange.

(3) A copy of the bylaws of such grange shall also be filed in the said office of the secretary of state.

(4) The names of all such officers at the time of filing the application, and the time for which they may be respectively elected. When such articles shall be filed, such grange shall be a body politic and corporate, with all the incidents of a corporation, subject nevertheless to the laws and parts of laws now in force or hereafter to be passed regulating corporations. [2015 c 176 § 9119; 1981 c 302 § 13; 1959 c 207 § 1;

1875 p 97 § 1; RRS § 3901. FORMER PART OF SECTION: 1875 c 97 § 2, part, now codified in RCW 24.28.020.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

Additional notes found at www.leg.wa.gov

24.28.020 In what pursuits such corporation may engage. Said grange may engage in any industrial pursuit, manufacturing, mining, milling, wharfing, docking, commercial, mechanical, mercantile, building, farming, building, equipping or running railroads, or generally engage in any species of trade or industry; loan money on security, purchase and sell on real estate, but when desiring to engage in either or any of the above pursuits or industries, said grange shall be subject to all the conditions and liabilities imposed by the provisions of the general corporation laws, and in addition to the conditions to be performed as recited in RCW 24.28.010, shall file additional articles with said secretary of state stating the object, business or industry proposed to be pursued or engaged in; the amount of capital stock, the time of its existence, not to exceed fifty years; the number of shares of which the capital stock shall consist, and price per share, and the names of officers necessary to manage said business, and the places where said officers shall pursue the same. [1981 c 302 § 14; 1875 p 97 § 2; RRS § 3902. Formerly RCW 24.28.010, part and 24.28.020.]

Additional notes found at www.leg.wa.gov

24.28.030 General rights and liabilities. As a business corporation said grange, after having complied with RCW 24.28.020, shall be to all intents and purposes a domestic corporation, with all the rights, privileges and immunities allowed, and all the liabilities imposed by chapter one of the act entitled "an act to provide for the formation of corporations," approved November 13, 1873. [1875 p 98 § 3; RRS § 3903.]

Reviser's note: The reference to chapter one of the 1873 act relates to the general corporation act in effect at the time the above section was enacted. Such general corporation laws were also compiled as Code 1881 §§ 2421-2449. See also table of prior laws following the Title 23 RCW digest.

24.28.035 Indemnification of agents of any corporation authorized. See RCW 23B.17.030.

24.28.040 Use of term "grange"—"Person" defined. No person, doing business in this state shall be entitled to use or to register the term "grange" as part or all of his or her business name or other name or in connection with his or her products or services, or otherwise, unless either (1) he or she has complied with the provisions of this chapter or (2) he or she has obtained written consent of the Washington state grange certified thereto by its master. Any person violating the provisions of this section may be enjoined from using or displaying such name and doing business under such name at the instance of the Washington state grange or any grange organized under this chapter, or any member thereof: PROVIDED, That nothing herein shall prevent the continued use of the term "grange" by any person using said name prior to the adoption of *this act.

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For the purposes of this section "person" shall include any person, partnership, corporation, or association of individuals. [2011 c 336 § 673; 1959 c 207 § 2.]

***Reviser's note:** "this act" first appeared in chapter 207, Laws of 1959, section 1 of which amended RCW 24.28.010.

24.28.050 Fees for services by secretary of state. See RCW 43.07.120.

Chapter 24.34 RCW

AGRICULTURAL PROCESSING AND MARKETING ASSOCIATIONS

Sections

24.34.010 Who may organize—Purposes—Limitations.

24.34.020 Monopoly or restraint of trade—Complaint—Procedure.

Agricultural marketing: Chapters 15.65, 15.66 RCW.

24.34.010 Who may organize—Purposes—Limitations. Persons engaged in the production of agricultural products as farmers, planters, ranchers, dairy farmers, nut growers, or fruit growers may act together in associations, corporate or otherwise, with or without capital stock, in collectively processing, preparing for market, handling, and marketing in intrastate commerce, such products of persons so engaged. Such associations may have marketing agencies in common; and such associations and their members may make the necessary contracts and agreements to effect such purposes: PROVIDED, That such associations are operated for the mutual benefit of the members thereof, as such producers, and conform to one or both of the following requirements:

First. That no member of the association is allowed more than one vote because of the amount of stock or membership capital he or she may own therein, or,

Second. That the association does not pay dividends on stock or membership capital in excess of eight percent per annum.

And in any case to the following:

Third. That the association shall not deal in the products of nonmembers to an amount greater in value than such as are handled by it for members. [2013 c 23 § 40; 2011 c 336 § 674; 1967 c 187 § 1.]

24.34.020 Monopoly or restraint of trade—Complaint—Procedure. If the attorney general has reason to believe that any such association as provided for in RCW 24.34.010 monopolizes or restrains trade to such an extent that the price of any agricultural product is unduly enhanced by reason thereof, he or she shall serve upon such association a complaint stating his or her charge in that respect, to which complaint shall be attached, or contained therein, a notice of hearing, specifying a day and place not less than thirty days after the service thereof, requiring the association to show cause why an order should not be made directing it to cease and desist from monopolization or restraint of trade.

Such hearing, and any appeal which may be made from such hearing, shall be conducted and held subject to and in conformance with the provisions for adjudicative proceedings and judicial review in chapter 34.05 RCW, the adminis-

trative procedure act. [2011 c 336 § 675; 1989 c 175 § 75; 1967 c 187 § 2.]

Additional notes found at www.leg.wa.gov

Chapter 24.36 RCW FISH MARKETING ACT

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Revolving fund of secretary of state, deposit of moneys for costs of carrying out secretary of state's functions under this chapter: RCW 43.07.130.

24.36.010 Short title. This chapter may be cited as "The Fish Marketing Act". [1959 c 312 § 1.]

24.36.020 Declaration of purpose. The purpose of this chapter is to promote, foster, and encourage the intelligent and orderly marketing of fish and fishery products through cooperation; to eliminate speculation and waste; to make the distribution of fish and fishery products between producer and consumer as direct as can be efficiently done; and to stabilize the marketing of fish and fishery products. [1959 c 312 § 2.]

24.36.030 Definitions. As used in this chapter:

(1) "Fishery products" includes fish, crustaceans, mollusks, and marine products for human consumption.

(2) "Member" includes members of associations without capital stock and holders of common stock in associations organized with shares of stock.

(3) "Association" means any corporation organized under this chapter. [1959 c 312 § 3.]

24.36.040 Associations deemed nonprofit. Associations shall be deemed "nonprofit", inasmuch as they are not organized to make profit for themselves, as such, or for their members, as such, but only for their members as producers of fishery products. [1959 c 312 § 4.]

24.36.050 General laws relating to corporations for profit applicable. The provisions of Title 23B RCW and all powers and rights thereunder, apply to associations, except where such provisions are in conflict with or inconsistent with the express provisions of this chapter. [1991 c 72 § 45; 1959 c 312 § 5.]

24.36.055 Fees for services by secretary of state. See RCW 43.07.120.

24.36.060 Securities act inapplicable. No association is subject in any manner to the terms of chapter 21.20 RCW and all associations may issue their membership certificates or stock or other securities as provided in this division without the necessity of any permit from the director of licenses. [1983 c 3 § 27; 1959 c 312 § 6.]

24.36.070 Associations deemed not a conspiracy, in restraint of trade, etc.—Contracts not illegal. An association shall be deemed not to be a conspiracy, nor a combination in restraint of trade nor an illegal monopoly; nor an attempt to lessen competition or to fix prices arbitrarily or to create a combination or pool in violation of any law of the state; and the marketing contracts and agreements between the association and its members and any agreements authorized in this chapter shall be considered not to be illegal nor in restraint of trade nor contrary to the provisions of any statute enacted against pooling or combinations. [1959 c 312 § 7.]

24.36.080 Conflicting laws not applicable—Exemptions apply. Any provisions of law which are in conflict with this chapter shall not be construed as applying to associations. Any exemptions under any laws applying to fishery products in the possession or under the control of the individual producer shall apply similarly and completely to such

fishery products delivered by its members, in the possession or under the control of the association. [1959 c 312 § 8.]

24.36.090 Merger, consolidation of associations authorized—Procedure. Any two or more associations may be merged into one such constituent association or consolidated into a new association. Such merger or consolidation shall be made in the manner prescribed by RCW 23B.07.050 and chapter 23B.11 RCW for domestic corporations. [1991 c 72 § 46; 1983 c 3 § 28; 1959 c 312 § 9.]

24.36.100 Stock associations—Statement in articles. If the association is organized with shares of stock, the articles shall state the number of shares which may be issued and if the shares are to have a par value, the par value of each share, and the aggregate par value of all shares; and if the shares are to be without par value it shall be so stated. [1959 c 312 § 10.]

24.36.110 Stock associations—Classified shares—Statement in articles. If the shares are to be classified, the articles shall contain a description of the classes of shares and a statement of the number of shares of each kind or class and the nature and extent of the preferences, rights, privileges and restrictions granted to or imposed upon the holders of the respective classes of stock. [1959 c 312 § 11.]

24.36.120 Nonstock associations—Statement in articles. If the association is organized without shares of stock, the articles shall state whether the voting power and the property rights and interest of each member are equal or unequal; and if unequal the general rule or rules applicable to all members by which the voting power and the property rights and interests, respectively, of each member may be and are determined and fixed; and shall also provide for the admission of new members who shall be entitled to vote and to share in the property of the association with the old members, in accordance with such general rule or rules. [1959 c 312 § 12.]

24.36.130 Bylaws of association. Each association shall within thirty days after its incorporation, adopt for its government and management, a code of bylaws, not inconsistent with this chapter. A majority vote of the members or shares of stock issued and outstanding and entitled to vote, or the written assent of a majority of the members or of stockholders representing a majority of all the shares of stock issued and outstanding and entitled to vote, is necessary to adopt such bylaws and is effectual to repeal or amend any bylaws or to adopt additional bylaws. The power to repeal and amend the bylaws, and adopt new bylaws, may, by a similar vote, or similar written assent, be delegated to the board of directors, which authority may, by a similar vote, or similar written assent, be revoked. [1959 c 312 § 13.]

24.36.140 Bylaws of association—Transfer of stock, membership certificates limited. The bylaws shall prohibit the transfer of the common stock or membership certificates of the associations to persons not engaged in the production of the products handled by the association. [1959 c 312 § 14.]

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24.36.150 Bylaws of association—Quorum, voting, directors, penalties. The bylaws may provide:

- (1) The number of members constituting a quorum.
- (2) The right of members to vote by proxy or by mail or both, and the conditions, manner, form and effects of such votes; the right of members to cumulate their votes and the prohibition, if desired, of cumulative voting.
- (3) The number of directors constituting a quorum.
- (4) The qualifications, compensation and duties and term of office of directors and officers and the time of their election.
- (5) Penalties for violations of the bylaws. [1959 c 312 § 15.]

24.36.160 Bylaws of association—Fees, charges, marketing contract, dividends. The bylaws may provide:

- (1) The amount of entrance, organization, and membership fees, if any; the manner and method of collection of the same; and the purposes for which they may be used.
- (2) The amount which each member shall be required to pay annually, or from time to time, if at all, to carry on the business of the association; the charge, if any, to be paid by each member for services rendered by the association to him or her and the time of payment and the manner of collection; and the marketing contract between the association and its members which every member may be required to sign.
- (3) The amount of any dividends which may be declared on the stock or membership capital, which dividends shall not exceed eight percent per annum and which dividends shall be in the nature of interest and shall not affect the nonprofit character of any association organized hereunder. [2011 c 336 § 676; 1959 c 312 § 16.]

24.36.170 Bylaws of association—Membership. The bylaws may provide:

- (1) The number and qualification of members of the association and the conditions precedent to membership or ownership of common stock.
- (2) The method, time, and manner of permitting members to withdraw or the holders of common stock to transfer their stock.
- (3) The manner of assignment and transfer of the interest of members and of the shares of common stock.
- (4) The conditions upon which and time when membership of any member shall cease.
- (5) For the automatic suspension of the rights of a member when he or she ceases to be eligible to membership in the association; and the mode, manner, and effect of the expulsion of a member.
- (6) The manner of determining the value of a member's interest and provision for its purchase by the association upon the death or withdrawal of a member or upon the expulsion of a member or forfeiture of his or her membership, or at the option of the association, the purchase at a price fixed by conclusive appraisal by the board of directors; and the conditions and terms for the repurchase by the corporation from its stockholders of their stock upon their disqualification as stockholders. [2011 c 336 § 677; 1959 c 312 § 17.]

24.36.180 Bylaws of association—Meetings. The bylaws may provide for the time, place, and manner of call-

ing and conducting meetings of the association. [1959 c 312 § 18.]

24.36.190 Bylaws of association—Direct election of directors from districts of territory. The bylaws may provide that the territory in which the association has members shall be divided into districts and that directors shall be elected from the several districts. In such case, the bylaws shall specify the number of directors to be elected by each district, the manner and method of reapportioning the directors and of redistricting the territory covered by the association. [1959 c 312 § 19.]

24.36.200 Bylaws of association—Election of directors by representatives or advisers from districts of territory. The bylaws may provide that the territory in which the association has members shall be divided into districts, and that the directors shall be elected by representatives or advisers, who themselves have been elected by the members from the several territorial districts. In such case, the bylaws shall specify the number of representatives or advisers to be elected by each district, the manner and method of reapportioning the representatives or advisers and of redistricting the territory covered by the association. [1959 c 312 § 20.]

24.36.210 Bylaws of association—Primary elections to nominate directors. The bylaws may provide that primary elections shall be held to nominate directors. Where the bylaws provide that the territory in which the association has members shall be divided into districts, the bylaws may also provide that the results of the primary elections in the various districts shall be final and shall be ratified at the annual meeting of the association. [1959 c 312 § 21.]

24.36.220 Bylaws of association—Nomination of directors by public officials or other directors—Limitation. The bylaws may provide that one or more directors may be nominated by any public official or commission or by the other directors selected by the members. Such directors shall represent primarily the interest of the general public in such associations. The directors so nominated need not be members of the association, but shall have the same powers and rights as other directors. Such directors shall not number more than one-fifth of the entire number of directors. [1959 c 312 § 22.]

24.36.230 Bylaws of association—Terms of directors—Staggering. The bylaws may provide that directors shall be elected for terms of from one to five years: PROVIDED, That at each annual election the same fraction of the total number of directors shall be elected as one year bears to the number of years of the term of office. [1959 c 312 § 23.]

24.36.240 Bylaws of association—Executive committee. The bylaws may provide for an executive committee and may allot to such committee all the functions and powers of the board of directors, subject to the general direction and control of the board. [1959 c 312 § 24.]

24.36.250 Qualifications of members, stockholders. (1) Under the terms and conditions prescribed in the bylaws,

an association may admit as members, or issue common stock to, only such persons as are engaged in the production of fishery products to be handled by or through the association, including the lessees and tenants of boats and equipment used for the production of such fishery products and any lessors and landlords who receive as rent all or part of the fish produced by such leased equipment.

(2) If a member of a nonstock association is other than a natural person, such member may be represented by any individual duly authorized in writing.

(3) One association may become a member or stockholder of any other association. [1959 c 312 § 25.]

24.36.260 Certificate of membership in nonstock associations. When a member of an association established without shares of stock has paid his or her membership fee in full, he or she shall receive a certificate of membership. [2011 c 336 § 678; 1959 c 312 § 26.]

24.36.270 Liability of member for association's debts. No member shall be liable for the debts of the association to an amount exceeding the sum remaining unpaid on his or her membership fee or his or her subscription to the capital stock, including any unpaid balance on any promissory note given in payment thereof. [2011 c 336 § 679; 1959 c 312 § 27.]

24.36.280 Place of membership meetings. Meetings of members shall be held at the place as provided in the bylaws; and if no provision is made, in the city where the principal place of business is located at a place designated by the board of directors. [1959 c 312 § 28.]

24.36.290 Appraisal of expelled member's property—Payment. In case of the expulsion of a member, and where the bylaws do not provide any procedure or penalty, the board of directors shall equitably and conclusively appraise his or her property interest in the association and shall fix the amount thereof in money, which shall be paid to him or her within one year after such expulsion. [2011 c 336 § 680; 1959 c 312 § 29.]

24.36.300 Powers of association—General scope of activities. An association may:

Engage in any activity in connection with the marketing, selling, preserving, harvesting, drying, processing, manufacturing, canning, packing, grading, storing, handling, or utilization of any fishery products produced or delivered to it by its members; or the manufacturing or marketing of the by-products thereof; or any activity in connection with the purchase, hiring, or use by its members of supplies, machinery, or equipment, or in the financing of any such activities. [1959 c 312 § 30.]

24.36.310 Powers of association—Incurring indebtedness—Advances to members. An association may borrow without limitation as to amount of corporate indebtedness or liability and may make advances to members. [1959 c 312 § 31.]

24.36.320 Association as agent for member. An association may act as the agent or representative of any member or members in any of the two next preceding sections. [1959 c 312 § 32.]

24.36.330 Reserves—Investments. An association may establish reserves and invest the funds thereof in bonds or in such other property as may be provided in the bylaws. [1959 c 312 § 33.]

24.36.340 Powers relating to capital stock or bonds of other corporations or associations. An association may purchase or otherwise acquire, hold, own, and exercise all rights of ownership in, sell, transfer, pledge, or guarantee the payment of dividends or interest on, or the retirement or redemption of, shares of the capital stock or bonds of any corporation or association engaged in any related activity or in the warehousing or handling or marketing or packing or manufacturing or processing or preparing for market of any of the fishery products handled by the association. [1959 c 312 § 34.]

24.36.350 Powers relating to real or personal property. An association may buy, hold and exercise all privileges or ownership, over such real or personal property as may be necessary or convenient for the conduct and operation of any of the business of the association, or incidental thereto. [1959 c 312 § 35.]

24.36.360 Levy of assessments. An association may levy assessments in the manner and in the amount provided in its bylaws. [1959 c 312 § 36.]

24.36.370 General powers, rights, privileges of association. An association may do each and every thing necessary, suitable or proper for the accomplishment of any one of the purposes or the attainment of any one or more of the objects enumerated in this chapter; or conducive to or expedient for the interest or benefit of the association; and contract accordingly; and in addition exercise and possess all powers, rights and privileges necessary or incidental to the purposes for which the association is organized or to the activities in which it is engaged; and, in addition, any other rights, powers and privileges granted by the laws of this state to ordinary corporations, except such as are inconsistent with the express provisions of this chapter; and do any such thing anywhere. [1959 c 312 § 37.]

24.36.380 Use of association's facilities—Disposition of proceeds. An association may use or employ any of its facilities for any purpose: PROVIDED, That the proceeds arising from such use and employment go to reduce the cost of operation for its members; but the fishery products of non-members shall not be dealt in to an amount greater in value than such as are handled by it for its members. [1959 c 312 § 38.]

24.36.390 Power of association to form, control, own stock in or be member of another corporation or association—Warehouse receipts. An association may organize, form, operate, own, control, have an interest in, own stock of,

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or be a member of any other corporation or corporations, with or without capital stock and engaged in preserving, drying, processing, canning, packing, storing, handling, shipping, utilizing, manufacturing, marketing, or selling of the fishery products handled by the association, or the by-products thereof.

If such corporations are warehousing corporations, they may issue legal warehouse receipts to the association against the commodities delivered by it, or to any other person and such legal warehouse receipts shall be considered as adequate collateral to the extent of the usual and current value of the commodity represented thereby. In case such warehouse is licensed or licensed and bonded under the laws of this state or the United States, its warehouse receipt delivered to the association on commodities of the association or its members, or delivered by the association or its members, shall not be challenged or discriminated against because of ownership or control, wholly or in part, by the association. [1959 c 312 § 39.]

24.36.400 Contracts and agreements with other corporations or associations—Joint operations. Any association may, upon resolution adopted by its board of directors, enter into all necessary and proper contracts and agreements and make all necessary and proper stipulations, agreements and contracts and arrangements with any other cooperative or other corporation, association, or associations, formed in this or in any other state, for the cooperative and more economical carrying on of its business or any part or parts thereof. Any two or more associations may, by agreement between them, unite in employing and using or may separately employ and use the same personnel, methods, means, and agencies for carrying on and conducting their respective business. [1959 c 312 § 40.]

24.36.410 Marketing contracts with members. An association and its members may make and execute marketing contracts, requiring the members to sell, for any period of time, not over fifteen years, all or any specified part of their fishery products or specified commodities exclusively to or through the association or any facilities to be created by the association. [1959 c 312 § 41.]

24.36.420 When title passes on sale by member to association. If the members contract a sale to the association, it shall be conclusively held that title to the products passes absolutely and unreservedly, except for recorded liens, to the association upon delivery or at any other time expressly and definitely specified in the contract. [1959 c 312 § 42.]

24.36.430 Association may sell products without taking title—Powers and duties. The contract may provide that the association may sell or resell the fishery products delivered by its members, with or without taking title thereto; and pay over to its members the resale price, after deducting all necessary selling, overhead, and other costs and expenses, including interest on preferred stock, not exceeding eight percent per annum, and reserves for retiring the stock, if any; and other proper reserves; and interest not exceeding eight percent per annum upon common stock. [1959 c 312 § 43.]

24.36.440 Liability of member for breach of marketing contract. The marketing contract may fix, as liquidated damages, specific sums to be paid by the member to the association upon the breach by him or her of any provision of the marketing contract regarding the sale or delivery or withholding of fishery products; and may further provide that the member will pay all costs, premiums for bonds, expenses, and fees, in case any action is brought upon the contract by the association; and any such provisions shall be valid and enforceable in the courts of this state; and such clauses providing for liquidated damages shall be enforceable as such and shall not be regarded as penalties. [2011 c 336 § 681; 1959 c 312 § 44.]

24.36.450 Injunctions, specific performance if breach or threatened breach by member. In the event of any such breach or threatened breach of such marketing contract by a member the association shall be entitled to an injunction to prevent the further breach of the contract and to a decree of specific performance thereof. Pending the adjudication of such an action and upon filing a verified complaint showing the breach or threatened breach, and upon filing sufficient bond, the association shall be entitled to a temporary restraining order and preliminary injunction against the member. [1959 c 312 § 45.]

24.36.460 Presumption that landlord or lessor can control delivery—Remedies for nondelivery or breach. In any action upon such marketing agreements, it shall be conclusively presumed that a landlord or lessor is able to control the delivery of fishery products produced by his or her equipment by tenants, or others, whose tenancy or possession or work on such equipment or the terms of whose tenancy or possession or labor thereon were created or changed after execution by the landlord or lessor, of such a marketing agreement; and in such actions, the foregoing remedies for nondelivery or breach shall lie and be enforceable against such landlord or lessor. [2011 c 336 § 682; 1959 c 312 § 46.]

24.36.470 Enforcement by association to secure delivery by member. A contract entered into by a member of an association, providing for the delivery to such association of products produced or acquired by the member, may be specifically enforced by the association to secure the delivery to it of such fishery products, any provisions of law to the contrary notwithstanding. [1959 c 312 § 47.]

Chapter 24.40 RCW

TAX REFORM ACT OF 1969, STATE IMPLEMENTATION—NOT FOR PROFIT CORPORATIONS

Sections

24.40.010	Application.
24.40.020	Articles of incorporation deemed to contain prohibiting provisions.
24.40.030	Articles of incorporation deemed to contain provisions for distribution.
24.40.040	Rights, powers, of courts, attorney general, not impaired.
24.40.050	Construction of references to federal code.
24.40.060	Present articles of incorporation may be amended—Application to new corporation.
24.40.070	Severability—1971 c 59.

24.40.080 Tax reform act of 1969, state implementation—Charitable trusts.

24.40.010 Application. This chapter shall apply to every not for profit corporation to which Title 24 RCW applies, and which is a "private foundation" as defined in section 509 of the Internal Revenue Code of 1954, and which has been or shall be incorporated under the laws of the state of Washington after December 31, 1969. As to any such corporation so incorporated before January 1, 1970, this chapter shall apply only for its federal taxable years beginning after December 31, 1971. [1971 c 59 § 2.]

24.40.020 Articles of incorporation deemed to contain prohibiting provisions. The articles of incorporation of every corporation to which this chapter applies shall be deemed to contain provisions prohibiting the corporation from:

(1) Engaging in any act of "self-dealing" (as defined in section 4941(d) of the Internal Revenue Code of 1954), which would give rise to any liability for the tax imposed by section 4941(a) of the Internal Revenue Code of 1954;

(2) Retaining any "excess business holdings" (as defined in section 4943(c) of the Internal Revenue Code of 1954), which would give rise to any liability for the tax imposed by section 4943(a) of the Internal Revenue Code of 1954;

(3) Making any investment which would jeopardize the carrying out of any of its exempt purposes, within the meaning of section 4944 of the Internal Revenue Code of 1954, so as to give rise to any liability for the tax imposed by section 4944(a) of the Internal Revenue Code of 1954; and

(4) Making any "taxable expenditures" (as defined in section 4945(d) of the Internal Revenue Code of 1954) which would give rise to any liability for the tax imposed by section 4945(a) of the Internal Revenue Code of 1954. [1971 c 59 § 3.]

24.40.030 Articles of incorporation deemed to contain provisions for distribution. The articles of incorporation of every corporation to which this chapter applies shall be deemed to contain a provision requiring such corporation to distribute, for the purposes specified in its articles of incorporation, for each taxable year, amounts at least sufficient to avoid liability for the tax imposed by section 4942(a) of the Internal Revenue Code of 1954. [1971 c 59 § 4.]

24.40.040 Rights, powers, of courts, attorney general, not impaired. Nothing in this chapter shall impair the rights and powers of the courts or the attorney general of this state with respect to any corporation. [1971 c 59 § 5.]

24.40.050 Construction of references to federal code. All references to sections of the Internal Revenue Code of 1954 shall include future amendments to such sections and corresponding provisions of future internal revenue laws. [1971 c 59 § 6.]

24.40.060 Present articles of incorporation may be amended—Application to new corporation. Nothing in this chapter shall limit the power of any corporation not for profit now or hereafter incorporated under the laws of the state of Washington

(1) to at any time amend its articles of incorporation or other instrument governing such corporation by any amendment process open to such corporation under the laws of the state of Washington to provide that some or all provisions of RCW 24.40.010 and 24.40.020 shall have no application to such corporation; or

(2) in the case of any such corporation formed after June 10, 1971, to provide in its articles of incorporation that some or all provisions of RCW 24.40.010 and 24.40.020 shall have no application to such corporation. [1971 c 59 § 7.]

24.40.070 Severability—1971 c 59. If any provision of RCW 24.40.010 through 24.40.070 or the application thereof is held invalid, such invalidity shall not affect the other provisions or applications of RCW 24.40.010 through 24.40.070 which can be given effect without the invalid provision or application, and to this end the provisions of RCW 24.40.010 through 24.40.070 are declared to be severable. [1971 c 59 § 8.]

24.40.080 Tax reform act of 1969, state implementation—Charitable trusts. See RCW 11.110.200 through 11.110.260.

Chapter 24.46 RCW

FOREIGN TRADE ZONES

Sections

24.46.010	Legislative finding—Intent.
24.46.020	Application for permission to establish, operate and maintain foreign trade zones authorized.

Operation of foreign trade zones by port districts: RCW 53.08.030.

24.46.010 Legislative finding—Intent. It is the finding of the legislature that foreign trade zones serve an important public purpose by the creation of employment opportunities within the state and that the establishment of zones designed to accomplish this purpose is to be encouraged. It is the further intent of the legislature that the *department of community, trade, and economic development provide assistance to entities planning to apply to the United States for permission to establish such zones. [1995 c 399 § 12; 1985 c 466 § 39; 1977 ex.s. c 196 § 1.]

*Reviser's note: The "department of community, trade, and economic development" was renamed the "department of commerce" by 2009 c 565.

Additional notes found at www.leg.wa.gov

24.46.020 Application for permission to establish, operate and maintain foreign trade zones authorized. A nonprofit corporation or organization, as zone sponsor, may apply to the United States for permission to establish, operate, and maintain foreign trade zones: PROVIDED, That nothing herein shall be construed to prevent these zones from being operated and financed by a private corporation(s) on behalf of said nonprofit corporation acting as zone sponsor. [1977 ex.s. c 196 § 2.]

Additional notes found at www.leg.wa.gov

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Chapter 24.50 RCW

WASHINGTON MANUFACTURING SERVICES

Sections

24.50.005	Findings—Intent.
24.50.010	Washington manufacturing services—Organization—Mission—Board of directors—Powers—Duties.

24.50.005 Findings—Intent. (1) The legislature finds that:

(a) To perform in the emerging global marketplace, Washington manufacturers must master new technologies, production processes, and methods of work organization;

(b) Only through modernization can Washington manufacturers both compete successfully in the market of the future and pay good wages;

(c) Most small and midsize manufacturers cannot easily access the technical assistance and skills training needed to make them globally competitive;

(d) To be effective, any program to improve the capability of Washington small and midsize manufacturers must reflect the specific needs and capabilities of those firms.

(2) It is the intent of the legislature that the state increase its support for delivery of modernization services to small and midsize manufacturers and leverage federal and private resources devoted to such efforts. It is the further intent of the legislature that the state facilitate the delivery of modernization services and:

(a) Encourage small and midsize firms to aggregate their demand for training and other modernization services, thus driving down the cost to the individual firm and securing more effective services; and

(b) Encourage large firms to support training consortia among their suppliers and validate the importance of high performance work organization and workplace learning as desirable supplier practices. [2006 c 34 § 1.]

24.50.010 Washington manufacturing services—Organization—Mission—Board of directors—Powers—Duties. (1) Washington manufacturing services is organized as a private, nonprofit corporation in accordance with chapter 24.03A RCW and this section. The mission of the corporation is to operate a modernization extension system, coordinate a network of public and private modernization resources, and stimulate the competitiveness of small and midsize manufacturers in Washington.

(2) The corporation must be governed by a board of directors. A majority of the board of directors shall be representatives of small and medium-sized manufacturing firms and industry associations, networks, or consortia. The board must also include at least one member representing labor unions or labor councils and, as ex officio members, the director of the department of commerce, the executive director of the state board for community and technical colleges, and the director of the workforce training and education coordinating board, or their respective designees.

(3) The corporation may be known as impact Washington and may:

(a) Charge fees for services, make and execute contracts with any individual, corporation, association, public agency, or any other entity, and employ all other legal instruments necessary or convenient for the performance of its duties and

the exercise of its powers and functions under this chapter; and

(b) Receive funds from federal, state, or local governments, private businesses, foundations, or any other source for purposes consistent with this chapter.

(4) The corporation must:

(a) Develop policies, plans, and programs to assist in the modernization of businesses in targeted sectors of Washington's economy and coordinate the delivery of modernization services;

(b) Provide information about the advantages of modernization and the modernization services available in the state to federal, state, and local economic development officials, state colleges and universities, and private providers;

(c) Collaborate with the Washington quality initiative in the development of manufacturing quality standards and quality certification programs;

(d) Collaborate with industry sector and cluster associations to inform import-impacted manufacturers about federal trade adjustment assistance funding;

(e) Serve as an information clearinghouse and provide access for users to the federal manufacturing extension partnership national research and information system; and

(f) Provide, either directly or through contracts, assistance to industry or cluster associations, networks, or consortia, that would be of value to their member firms in:

(i) Adopting advanced business management practices such as strategic planning and total quality management;

(ii) Developing mechanisms for interfirm collaboration and cooperation;

(iii) Appraising, purchasing, installing, and effectively using equipment, technologies, and processes that improve the quality of goods and services and the productivity of the firm;

(iv) Improving human resource systems and workforce training in a manner that moves firms toward flexible, high-performance work organizations;

(v) Developing new products;

(vi) Conducting market research, analysis, and development of new sales channels and export markets;

(vii) Improving processes to enhance environmental, health, and safety compliance; and

(viii) Improving credit, capital management, and business finance skills.

(5) Between thirty-five and sixty-five percent of the funds received by the corporation from the state must be used by the corporation for carrying out the duties under subsection (4)(f) of this section, consistent with the intent of RCW 24.50.005(2). [2021 c 176 § 5209; 2011 c 310 § 1; 2006 c 34 § 2.]

Effective date—2021 c 176: See note following RCW 24.03A.005.

Chapter 24.55 RCW

PRUDENT MANAGEMENT OF INSTITUTIONAL FUNDS ACT

Sections

24.55.005	Short title.
24.55.007	Uniformity of application and construction.
24.55.010	Definitions.
24.55.015	Standard of conduct in managing and investing institutional fund.

24.55.025	Appropriation for expenditure or accumulation of endowment fund—Rules of construction.
24.55.035	Delegation of management and investment functions.
24.55.045	Release or modification of restrictions on management, investment, or purpose.
24.55.055	Reviewing compliance.
24.55.065	Application to existing institutional funds.
24.55.075	Relation to electronic signatures in global and national commerce act.
24.55.900	Effective date—2009 c 436.

24.55.005 Short title. Chapter 436, Laws of 2009 may be known and cited as the uniform prudent management of institutional funds act. [2009 c 436 § 1.]

24.55.007 Uniformity of application and construction. In applying and construing this uniform act, consideration must be given to the need to promote uniformity of the law with respect to its subject matter among states that enact it. [2009 c 436 § 10.]

24.55.010 Definitions. In this chapter:

(1) "Charitable purpose" means the relief of poverty, the advancement of education or religion, the promotion of health, the promotion of a governmental purpose, or any other purpose the achievement of which is beneficial to the community.

(2) "Endowment fund" means an institutional fund or part thereof that, under the terms of a gift instrument, is not wholly expendable by the institution on a current basis. "Endowment fund" does not include assets that an institution designates as an endowment fund for its own use.

(3) "Gift instrument" means a record or records, including an institutional solicitation, under which property is granted to, transferred to, or held by an institution as an institutional fund.

(4) "Institution" means:

(a) A person, other than an individual, organized and operated exclusively for charitable purposes;

(b) A government or governmental subdivision, agency, or instrumentality, to the extent that it holds funds exclusively for a charitable purpose; or

(c) A trust that had both charitable and noncharitable interests, after all noncharitable interests have terminated.

(5) "Institutional fund" means a fund held by an institution exclusively for charitable purposes. "Institutional fund" does not include:

(a) Program-related assets;

(b) A fund held for an institution by a trustee that is not an institution; or

(c) A fund in which a beneficiary that is not an institution has an interest, other than an interest that could arise upon violation or failure of the purposes of the fund.

(6) "Person" means an individual, corporation, business trust, estate, trust, partnership, limited liability company, association, joint venture, public corporation, government or governmental subdivision, agency, or instrumentality, or any other legal or commercial entity.

(7) "Program-related asset" means an asset held by an institution primarily to accomplish a charitable purpose of the institution and not primarily for investment.

(8) "Record" means information that is inscribed on a tangible medium or that is stored in an electronic or other

medium and is retrievable in perceivable form. [2009 c 436 § 2.]

24.55.015 Standard of conduct in managing and investing institutional fund. (1) Subject to the intent of a donor expressed in a gift instrument, an institution, in managing and investing an institutional fund, shall consider the charitable purposes of the institution and the purposes of the institutional fund.

(2) In addition to complying with the duty of loyalty imposed by law other than this chapter, each person responsible for managing and investing an institutional fund shall manage and invest the fund in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances.

(3) In managing and investing an institutional fund, an institution:

(a) May incur only costs that are appropriate and reasonable in relation to the assets, the purposes of the institution, and the skills available to the institution; and

(b) Shall make a reasonable effort to verify facts relevant to the management and investment of the fund.

(4) An institution may pool two or more institutional funds for purposes of management and investment.

(5) Except as otherwise provided by a gift instrument, the following rules apply:

(a) In managing and investing an institutional fund, the following factors, if relevant, must be considered:

(i) General economic conditions;

(ii) The possible effect of inflation or deflation;

(iii) The expected tax consequences, if any, of investment decisions or strategies;

(iv) The role that each investment or course of action plays within the overall investment portfolio of the fund;

(v) The expected total return from income and the appreciation of investments;

(vi) Other resources of the institution;

(vii) The needs of the institution and the institutional fund to make distributions and to preserve capital; and

(viii) An asset's special relationship or special value, if any, to the charitable purposes of the institution.

(b) Management and investment decisions about an individual asset must be made not in isolation but rather in the context of the institutional fund's portfolio of investments as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the institutional fund and to the institution.

(c) Except as otherwise provided by law, an institution may invest in any kind of property or type of investment consistent with this section.

(d) An institution shall diversify the investments of an institutional fund unless the institution reasonably determines that, because of special circumstances, the purposes of the fund are better served without diversification.

(e) Within a reasonable time after receiving property, an institution shall make and carry out decisions concerning the retention or disposition of the property or to rebalance a portfolio, in order to bring the institutional fund into compliance with the purposes, terms, and distribution requirements of the institution as necessary to meet other circumstances of the institution and the requirements of this chapter.

(f) A person that has special skills or expertise, or is selected in reliance upon the person's representation that the person has special skills or expertise, has a duty to use those skills or that expertise in managing and investing institutional funds. [2009 c 436 § 3.]

24.55.025 Appropriation for expenditure or accumulation of endowment fund—Rules of construction. (1)

Subject to the intent of a donor expressed in the gift instrument, an institution may appropriate for expenditure or accumulate so much of an endowment fund as the institution determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. Unless stated otherwise in the gift instrument, the assets in an endowment fund are donor-restricted assets until appropriated for expenditure by the institution. In making a determination to appropriate or accumulate, the institution shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and shall consider, if relevant, the following factors:

(a) The duration and preservation of the endowment fund;

(b) The purposes of the institution and the endowment fund;

(c) General economic conditions;

(d) The possible effect of inflation or deflation;

(e) The expected total return from income and the appreciation of investments;

(f) Other resources of the institution; and

(g) The investment policy of the institution.

(2) To limit the authority to appropriate for expenditure or accumulate under subsection (1) of this section, a gift instrument must specifically state the limitation.

(3) Terms in a gift instrument designating a gift as an endowment, or a direction or authorization in the gift instrument to use only "income," "interest," "dividends," or "rents, issues, or profits," or "to preserve the principal intact," or words of similar import:

(a) Create an endowment fund of permanent duration unless other language in the gift instrument limits the duration or purpose of the fund; and

(b) Do not otherwise limit the authority to appropriate for expenditure or accumulate under subsection (1) of this section. [2009 c 436 § 4.]

24.55.035 Delegation of management and investment functions. (1) Subject to any specific limitation set forth in a gift instrument or in law other than this chapter, an institution may delegate to an external agent the management and investment of an institutional fund to the extent that an institution could prudently delegate under the circumstances. An institution shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, in:

(a) Selecting an agent;

(b) Establishing the scope and terms of the delegation, consistent with the purposes of the institution and the institutional fund; and

(c) Periodically reviewing the agent's actions in order to monitor the agent's performance and compliance with the scope and terms of the delegation.

(2) In performing a delegated function, an agent owes a duty to the institution to exercise reasonable care to comply with the scope and terms of the delegation.

(3) An institution that complies with subsection (1) of this section is not liable for the decisions or actions of an agent to which the function was delegated.

(4) By accepting delegation of a management or investment function from an institution that is subject to the laws of this state, an agent submits to the jurisdiction of the courts of this state in all proceedings arising from or related to the delegation or the performance of the delegated function.

(5) An institution may delegate management and investment functions to its committees, officers, or employees as authorized by law. [2009 c 436 § 5.]

24.55.045 Release or modification of restrictions on management, investment, or purpose. (1) If the donor consents in a record, an institution may release or modify, in whole or in part, a restriction contained in a gift instrument on the management, investment, or purpose of an institutional fund. A release or modification may not allow a fund to be used for a purpose other than a charitable purpose of the institution.

(2) The court, upon application of an institution, may modify a restriction contained in a gift instrument regarding the management or investment of an institutional fund if the restriction has become impracticable or wasteful, if it impairs the management or investment of the fund, or if, because of circumstances not anticipated by the donor, a modification of a restriction will further the purposes of the fund. The institution shall notify the attorney general of the application, and the attorney general must be given an opportunity to be heard. To the extent practicable, any modification must be made in accordance with the donor's probable intention.

(3) If a particular charitable purpose or a restriction contained in a gift instrument on the use of an institutional fund becomes unlawful, impracticable, impossible to achieve, or wasteful, the court, upon application of an institution, may modify the purpose of the fund or the restriction on the use of the fund in a manner consistent with the charitable purposes expressed in the gift instrument. The institution shall notify the attorney general of the application, and the attorney general must be given an opportunity to be heard.

(4) If an institution determines that a restriction contained in a gift instrument on the management, investment, or purpose of an institutional fund is unlawful, impracticable, impossible to achieve, or wasteful, the institution, sixty days after notification to the attorney general, may release or modify the restriction, in whole or part, if:

(a) The institutional fund subject to the restriction has a total value of less than seventy-five thousand dollars. On the first day of July of each year, beginning on July 1, 2011, the dollar limit provided in this subsection (4)(a) shall increase by an amount of two thousand five hundred dollars;

(b) More than twenty years have elapsed since the fund was established; and

(c) The institution uses the property in a manner consistent with the charitable purposes expressed in the gift instrument. [2009 c 436 § 6.]

24.55.055 Reviewing compliance. Compliance with this chapter is determined in light of the facts and circumstances existing at the time a decision is made or action is taken, and not by hindsight. [2009 c 436 § 7.]

24.55.065 Application to existing institutional funds. (1) Before July 1, 2009, this chapter applies to an institutional fund existing on May 11, 2009, only if the institution's governing body elects to apply this chapter to the institutional fund before July 1, 2009.

(2) On and after July 1, 2009, this chapter applies to all institutional funds.

(3) As applied to institutional funds existing on May 11, 2009, this chapter governs only decisions made or actions taken on or after July 1, 2009, except that in the case of an institution that makes the election under subsection (1) of this section this chapter governs decisions made or actions taken on or after the date the institution elects to be covered by this chapter. [2009 c 436 § 8.]

24.55.075 Relation to electronic signatures in global and national commerce act. This chapter modifies, limits, and supersedes the electronic signatures in global and national commerce act (15 U.S.C. Sec. 7001 et seq.), but does not modify, limit, or supersede 15 U.S.C. Sec. 7001 (c), or authorize electronic delivery of any of the notices described in 15 U.S.C. Sec. 7003(b). [2010 1st sp.s. c 26 § 3; 2009 c 436 § 9.]

24.55.900 Effective date—2009 c 436. 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 takes effect immediately [May 11, 2009]. [2009 c 436 § 14.]

Chapter 24.60 RCW

INTRASTATE BUILDING SAFETY MUTUAL AID SYSTEM

Sections

24.60.005	System established—Member jurisdictions.
24.60.010	Definitions.
24.60.020	Request for assistance—Conditions.
24.60.030	Emergency responders—Qualifications.
24.60.040	Employee death—Benefits.
24.60.050	Temporary emergency responders.
24.60.060	Disputes regarding reimbursement—Arbitration.
24.60.070	Tort liability or immunity—Good faith.
24.60.080	Person responds without request or authorization.

24.60.005 System established—Member jurisdictions. (1) The intrastate building safety mutual aid system is established to provide for mutual assistance among member jurisdictions in the case of a building safety emergency or to participate in training and exercises.

(2) Unless otherwise provided in subsection (3) of this section, the following governmental entities are member jurisdictions of the intrastate building safety mutual aid system:

- (a) Counties;
- (b) Cities and towns;

(c) Tribal governmental entities that declare an intention, in writing, to participate as a member jurisdiction in the intrastate building safety mutual aid system; and

(d) Other governmental entities with responsibilities of ensuring building safety.

(3) Nothing in this section precludes a governmental entity participating in the intrastate building safety mutual aid system from entering into other mutual aid agreements otherwise permitted by law.

(4) Mutual assistance may include immediate responses to a building safety emergency, effort to mitigate or prevent further damages, or recovery activities.

(5) Nothing in this section is intended to interfere with other mutual aid systems established by law. Existing mutual aid systems including fire and law enforcement mobilization systems established by RCW 43.43.960 through 43.43.975 are unaffected by this chapter. [2011 c 215 § 1.]

24.60.010 Definitions. Unless the context clearly indicates otherwise, the definitions in this section apply throughout the chapter.

(1) "Building safety emergency" means a situation that temporarily renders a building safety department incapable of providing building safety services and includes, but is not limited to, declared states of emergency, declared disasters, and other situations that temporarily impair the jurisdictions ability to provide building safety operations.

(2) "Chief executive officer" means the county executive in those charter counties with an elective office of county executive, however designated, and, in the case of other counties, the county legislative authority. In the case of cities and towns, it means the mayor in those cities and towns with mayor-council or commission forms of government, where the mayor is directly elected, and it means the city manager in those cities and towns with council manager forms of government. Cities and towns may also designate a chief executive officer for the purposes of this chapter by ordinance.

(3) "Command" means the ultimate authority over emergency responders and resources, held by the responding member jurisdiction.

(4) "Emergency responder" means a person with skills, qualifications, training, knowledge, and experience to respond in the case of a declared emergency, as defined by law, including expertise in such areas as law enforcement, firefighting, emergency medical services, medicine, nursing, public health, emergency management, public works, building safety specialized equipment operations skills, or other skills needed to provide aid in a state of emergency.

(5) "Operational control" means the subset of command, granted by the responding member jurisdiction to the requesting member jurisdiction for the duration of the deployment of emergency responders or resources, under the intrastate building safety mutual aid system. Operational control includes the day-to-day direction and operation of emergency responders or resources while deployed under the intrastate building safety mutual aid system, but does not include discipline, promotion, hiring, and firing of emergency responders, nor ownership nor disposition of resources.

(6) "Requesting member jurisdiction" means a member jurisdiction that requests assistance from another member

jurisdiction under the process established by the intrastate building safety mutual aid system.

(7) "Resources" includes supplies, materials, equipment, facilities, energy, services, information, or systems used to prevent, mitigate, respond to, or recover from any incident resulting in a deployment under this chapter.

(8) "Responding member jurisdiction" means a member jurisdiction that has or intends to provide emergency responders and/or resources to a requesting member jurisdiction under the process established by the intrastate building safety mutual aid system. [2011 c 215 § 9.]

24.60.020 Request for assistance—Conditions. A member jurisdiction may request assistance from other member jurisdictions to respond to, mitigate, or recover from a building safety emergency, or for participation of other member jurisdictions in authorized drills or exercises, subject to the following provisions:

(1) A member jurisdiction requesting assistance under the intrastate building safety mutual aid system must (a) be experiencing a building safety emergency as defined in RCW 24.60.010 or (b) anticipate undertaking drills or exercises.

(2) The chief executive officer of a requesting member jurisdiction, or his or her authorized designee, must request assistance under the intrastate building safety mutual aid system directly from the chief executive officer of another member jurisdiction.

(3) A verbal request for assistance must be confirmed by a written request as soon as practicable.

(4) A responding member jurisdiction may withhold requested resources for any reason.

(5) Emergency responders from a responding member jurisdiction are under the general command of the responding member jurisdiction and the operational control of the requesting member jurisdiction. All emergency intrastate building safety mutual aid system responders shall work within the infrastructure of any established incident command system as defined in RCW 38.52.010.

(6) Resources from a responding member jurisdiction are under the command of the responding member jurisdiction and the operational control of the requesting member jurisdiction.

(7) Response under this agreement is voluntary. Unless otherwise provided by this section, a requesting member jurisdiction shall reimburse responding member jurisdictions for the true and full value of assistance provided pursuant to the intrastate building safety mutual aid system. Requests for reimbursement must be made within thirty days in accordance with procedures and rates developed by the *intrastate building safety mutual aid oversight committee.

(8) If not otherwise prohibited, a responding member jurisdiction may donate requested emergency responder assistance and resources to a requesting member jurisdiction. [2011 c 215 § 2.]

**Reviser's note:* 2011 c 215 § 10, creating the oversight committee, was vetoed.

24.60.030 Emergency responders—Qualifications. An emergency responder holding a license, certificate, or other permit issued by a responding member jurisdiction evidencing qualification in a professional, mechanical, or other

skill shall be deemed to be licensed, certified, or permitted in the requesting member jurisdiction, subject to any limitations and conditions the chief executive of the requesting member jurisdiction may prescribe. [2011 c 215 § 3.]

24.60.040 Employee death—Benefits. An employee of a responding member jurisdiction that dies or sustains an injury in the course of his or her employment, while providing assistance under the intrastate building safety mutual aid system, is eligible to receive the benefits that would otherwise be available for injuries sustained or death in the course of employment. [2011 c 215 § 4.]

24.60.050 Temporary emergency responders. (1) A responding member jurisdiction may designate, in writing, persons to serve as temporary emergency responders for the purposes of deploying such persons under the intrastate building safety mutual aid system. A designation as a temporary emergency responder does not grant any right to wages, salary, pensions, health benefits, seniority or other benefits.

(2) The *intrastate building safety mutual aid oversight committee will develop guidelines and procedures detailing this temporary designation process. [2011 c 215 § 5.]

*Reviser's note: 2011 c 215 § 10, creating the oversight committee, was vetoed.

24.60.060 Disputes regarding reimbursement—Arbitration. (1) A member jurisdiction that has a disagreement with another member jurisdiction regarding reimbursement for assistance under the provisions of this chapter may send a written request to the other member jurisdiction to resolve the matter within thirty days.

(2) If the dispute is not resolved within thirty days of the receipt of the written request, either party may request arbitration. [2011 c 215 § 6.]

24.60.070 Tort liability or immunity—Good faith. (1) For purposes of tort liability or immunity, an emergency responder of a responding member jurisdiction is considered an agent of the requesting member jurisdiction.

(2) A responding member jurisdiction rendering aid under this system is not liable for the acts or omissions in good faith of the responding member jurisdiction's emergency responders or resources.

(3) For purposes of this section, good faith does not include willful misconduct, gross negligence, or recklessness. [2011 c 215 § 7.]

24.60.080 Person responds without request or authorization. The intrastate building safety mutual aid system does not provide rights or privileges to any person responding for any reason if a member jurisdiction has not requested or authorized that person to respond to the building safety emergency. [2011 c 215 § 8.]