

Title 24

CORPORATIONS AND ASSOCIATIONS (NONPROFIT)

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Chapter 24.03 RCW

WASHINGTON NONPROFIT CORPORATION ACT

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24.03.005 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 records 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" and "articles" mean the original articles of incorporation and all amendments thereto, and includes articles of merger and restated articles.

(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 in the articles or bylaws.

(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 records for filing under this chapter, means the secretary of state has determined that the record complies as to form with the applicable requirements of this chapter and Article 2 of chapter 23.95 RCW.

(6) "Corporation" or "domestic corporation" means a corporation not for profit subject to the provisions of this chapter, except a foreign corporation.

(7) "Deliver" means: (a) Mailing; (b) transmission by facsimile equipment, for purposes of delivering a demand, consent, notice, or waiver to the corporation or one of its officers, directors, or members; (c) electronic transmission, in accordance with the officer's, director's, or member's consent, for purposes of delivering a demand, consent, notice, or waiver to the corporation or one of its officers, directors, or members under RCW 24.03.009; and (d) as prescribed by the secretary of state for purposes of submitting a record for filing with the secretary of state.

(8) "Effective date" means, in connection with a record filing made by the secretary of state, the date on which the filing becomes effective under RCW 23.95.210.

(9) "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 a sender and recipient.

(10) "Electronically transmitted" means the initiation of an electronic transmission.

(11) "Execute," "executes," or "executed" means with present intent to authenticate or adopt a record:

(a) To sign or adopt a tangible symbol;

(b) To attach to or logically associate with the record an electronic symbol, sound, or process; or

(c) Filed in compliance with the standards for filing with the office of the secretary of state as prescribed by the secretary of state, with respect to a record to be filed with the secretary of state.

(12) "Executed by an officer of the corporation," or words of similar import, means that any record executed by such person shall be and is executed by that person under penalties of perjury and in an official and authorized capacity on behalf of the corporation or person making the record submission with the secretary of state and, for the purpose of records filed electronically with the secretary of state, in compliance with the rules adopted by the secretary of state for electronic filing.

(13) "Foreign corporation" means a corporation not for profit organized under laws other than the laws of this state.

(14) "Insolvent" means inability of a corporation to pay debts as they become due in the usual course of its affairs.

(15) "Member" means an individual or entity having membership rights in a corporation in accordance with the provisions of its articles of incorporation or bylaws.

(16) "Not for profit corporation" or "nonprofit corporation" means a corporation no part of the income of which is distributable to its members, directors or officers.

(17) "Public benefit not for profit corporation" or "public benefit nonprofit corporation" means a corporation no part of the income of which is distributable to its members, directors, or officers and that holds a current tax exempt status as provided under 26 U.S.C. Sec. 501(c)(3) or is specifically exempted from the requirement to apply for its tax exempt status under 26 U.S.C. Sec. 501(c)(3).

(18) "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.

(19) "Registered office" means the address of the corporation's registered agent.

(20) "Tangible medium" means a writing, copy of a writing, facsimile, or a physical reproduction, each on paper or on other tangible material. [2020 c 57 § 80. Prior: 2015 c 176 § 3101; 2004 c 265 § 1; 2002 c 74 § 4; 1989 c 291 § 3; 1986 c 240 § 1; 1982 c 35 § 72; 1967 c 235 § 2.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

Finding—Severability—1989 c 291: See notes following RCW 24.03.490.

Intent—Severability—Effective dates—Application—1982 c 35: See notes following RCW 43.07.160.

Additional notes found at www.leg.wa.gov

24.03.009 Notice by electronic transmission—Consent required—When effective. (1) A notice to be provided by electronic transmission must be electronically transmitted.

(2) Notice to members and directors in an electronic transmission that otherwise complies with the requirements of this chapter is effective only with respect to members and directors who have consented, in the form of a record, to receive electronically transmitted notices under this chapter.

(a) Notice to members and directors includes material that this chapter requires or permits to accompany the notice.

(b) A member or director who provides consent, in the form of a record, to receipt of electronically transmitted notices shall designate in the consent the message format accessible to the recipient, and the address, location, or system to which these notices may be electronically transmitted.

(c) A member or director who has consented to receipt of electronically transmitted notices may revoke the consent by delivering a revocation to the corporation in the form of a record.

(d) The consent of any member or director is revoked if the corporation is unable to electronically transmit two consecutive notices given by the corporation in accordance with the consent, and this inability becomes known to the secretary of the corporation or other person responsible for giving the notice. The inadvertent failure by the corporation to treat this inability as a revocation does not invalidate any meeting or other action.

(3) Notice to members or directors who have consented to receipt of electronically transmitted notices may be provided notice by posting the notice on an electronic network and delivering to the member or director a separate record of the posting, together with comprehensible instructions regarding how to obtain access to this posting on the electronic network.

(4) Notice provided in an electronic transmission is effective when it: (a) Is electronically transmitted to an address, location, or system designated by the recipient for that purpose, and is made pursuant to the consent provided by the recipient; or (b) has been posted on an electronic network and a separate record of the posting has been delivered to the recipient together with comprehensible instructions regarding how to obtain access to the posting on the electronic network. [2004 c 265 § 4.]

24.03.010 Applicability. The provisions of this chapter relating to domestic corporations shall apply to:

- (1) All corporations organized hereunder; and

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(2) All not for profit corporations heretofore organized under any act hereby repealed, for a purpose or purposes for which a corporation might be organized under this chapter; and

(3) Any corporation to which this chapter does not otherwise apply, which is authorized to elect, and does elect, in accordance with the provisions of this chapter, as now or hereafter amended, to have the provisions of this chapter apply to it.

The provisions of this chapter relating to foreign corporations shall apply to all foreign not for profit corporations conducting affairs in this state for a purpose or purposes for which a corporation might be organized under this chapter. [1971 ex.s. c 53 § 1; 1967 c 235 § 3.]

Additional notes found at www.leg.wa.gov

24.03.015 Purposes. Corporations may be organized under this chapter for any lawful purpose or purposes, including, without being limited to, any one or more of the following purposes: Charitable; benevolent; eleemosynary; educational; civic; patriotic; political; religious; social; fraternal; literary; cultural; athletic; scientific; agricultural; horticultural; animal husbandry; and professional, commercial, industrial or trade association; but labor unions, cooperative organizations, and organizations subject to any of the provisions of the banking or insurance laws of this state may not be organized under this chapter: PROVIDED, That any not for profit 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(1) or 48.46.020(1), as now or hereafter amended, shall continue to be organized under this chapter. [1986 c 240 § 2; 1983 c 106 § 22; 1967 c 235 § 4.]

***Reviser's note:** RCW 48.44.010 was alphabetized pursuant to RCW 1.08.015(2)(k), changing subsection (1) to subsection (10). RCW 48.46.020 was also alphabetized pursuant to RCW 1.08.015(2)(k), changing subsection (1) to subsection (13).

Fish marketing act: Chapter 24.36 RCW.

Granges: Chapter 24.28 RCW.

Insurance: Title 48 RCW.

Labor unions: Chapter 49.36 RCW.

Additional notes found at www.leg.wa.gov

24.03.017 Corporation may elect to have chapter apply to it—Procedure. Any corporation organized under any act of the state of Washington for any one or more of the purposes for which a corporation may be organized under this chapter and for no purpose other than those permitted by this chapter, and to which this chapter does not otherwise apply, may elect to have this chapter and the provisions thereof apply to such corporation. Such corporation may so elect by having a resolution to do so adopted by the governing body of such corporation and by delivering to the secretary of state a statement of election in accordance with this section. Such statement of election shall be executed by the corporation by an officer of the corporation, and shall set forth:

- (1) The name of the corporation;
- (2) The act which created the corporation or pursuant to which it was organized;

(3) That the governing body of the corporation has elected to have this chapter and the provisions thereof apply to the corporation.

The statement of election 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 statement of elective coverage, the provisions of this chapter shall apply to the corporation which thereafter shall be subject to and shall have the benefits of this chapter and the provisions thereof as they exist on the date of filing such statement of election and as they may be amended from time to time thereafter, including, without limiting the generality of the foregoing, the power to amend its charter or articles of incorporation, whether or not created by special act of the legislature, delete provisions therefrom and add provisions thereto in any manner and to any extent it may choose to do from time to time so long as its amended articles shall not be inconsistent with the provisions of this chapter. [2015 c 176 § 3102; 2004 c 265 § 5; 1982 c 35 § 73; 1971 ex.s. c 53 § 2.]

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.

24.03.020 Incorporators. One or more persons of the age of eighteen years or more, or a domestic or foreign, profit or nonprofit, corporation, may act as incorporator or incorporators of a corporation by executing and delivering to the secretary of state articles of incorporation for such corporation. [2004 c 265 § 6; 1986 c 240 § 3; 1982 c 35 § 74; 1967 c 235 § 5.]

Intent—Severability—Effective dates—Application—1982 c 35: See notes following RCW 43.07.160.

24.03.025 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) Any provisions, not inconsistent with law, which the incorporators elect to set forth in the articles of incorporation for the regulation of the internal affairs of the corporation, including provisions regarding:
 - (a) Distribution of assets on dissolution or final liquidation;
 - (b) The definition, limitation, and regulation of the powers of the corporation, the directors, and the members, if any;
 - (c) Eliminating or limiting the personal liability of a director to the corporation or its members, if any, for monetary damages for conduct as a director: PROVIDED, That such provision shall not eliminate or limit the liability of a director for acts or omissions that involve intentional misconduct by a director or a knowing violation of law by a director, or for any transaction from which the director will personally receive a benefit in money, property, or services to which the director is not legally entitled. No such provision may eliminate or limit the liability of a director for any act or omission occurring before the date when such provision becomes effective; and

(d) Any provision which under this title is required or permitted to be set forth in the bylaws.

(5) The address of its initial registered office, including street and number, and the name of its initial registered agent at such address.

(6) 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.

(7) The name and address of each incorporator.

(8) The name of any person or corporations to whom net assets are to be distributed in the event the corporation is dissolved.

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. [1987 c 212 § 703; 1982 c 35 § 75; 1967 c 235 § 6.]

Intent—Severability—Effective dates—Application—1982 c 35: See notes following RCW 43.07.160.

Amending articles of incorporation: RCW 24.03.160 through 24.03.180.

Bylaws: RCW 24.03.070.

24.03.027 Filing false statements—Penalty. See RCW 43.07.210.

24.03.030 Limitations. A corporation subject to this chapter:

- (1) Shall not have or issue shares of stock;
- (2) Shall not make any disbursement of income to its members, directors or officers;
- (3) Shall not loan money or credit to its officers or directors;
- (4) May pay compensation in a reasonable amount to its members, directors or officers for services rendered;
- (5) May confer benefits upon its members in conformity with its purposes; and
- (6) Upon dissolution or final liquidation may make distributions to its members as permitted by this chapter, and no such payment, benefit or distribution shall be deemed to be a dividend or a distribution of income. [1986 c 240 § 4; 1967 c 235 § 7.]

24.03.035 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, 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 or credit to its employees other than its officers and directors.

(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) 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 war activities.

(14) To indemnify any director or officer or former director or officer or other person in the manner and to the extent provided in RCW 23B.08.500 through 23B.08.600, as now existing or hereafter amended.

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

(16) To pay pensions and establish pension plans, pension trusts, and other benefit plans for any or all of its directors, officers, and employees.

(17) To be a promoter, partner, member, associate or manager of any partnership, joint venture, trust or other enterprise.

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(18) To be a trustee of a charitable trust, to administer a charitable trust and to act as executor in relation to any charitable bequest or devise to the corporation. This subsection shall not be construed as conferring authority to engage in the general business of trusts nor in the business of trust banking.

(19) To cease its corporate activities and surrender its corporate franchise.

(20) To have and exercise all powers necessary or convenient to effect any or all of the purposes for which the corporation is organized. [1991 c 72 § 42; 1986 c 240 § 5; 1967 c 235 § 8.]

Unauthorized assumption of corporate power: RCW 24.03.470.

24.03.040 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 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, but 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 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. [1967 c 235 § 9.]

Dissolution: RCW 24.03.220 through 24.03.260.

24.03.043 Indemnification of agents of any corporation authorized. See RCW 23B.17.030.

24.03.045 Corporate name. The corporate name must comply with the provisions of Article 3 of chapter 23.95 RCW. [2015 c 176 § 3103; 2004 c 265 § 7; 1998 c 102 § 3; 1994 c 211 § 1305; 1989 c 291 § 10; 1987 c 55 § 39; 1986 c 240 § 6; 1982 c 35 § 76; 1967 c 235 § 10.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

Finding—Severability—1989 c 291: See notes following RCW 24.03.490.

Intent—Severability—Effective dates—Application—1982 c 35: See notes following RCW 43.07.160.

Corporate name of foreign corporation: RCW 24.03.315.

Additional notes found at www.leg.wa.gov

24.03.046 Reservation of exclusive right to use a corporate name. A person may reserve the exclusive right to the use of a corporate name in accordance with RCW 23.95.310. [2015 c 176 § 3104; 1993 c 356 § 1; 1982 c 35 § 77.]

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

24.03.047 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 § 3105; 1994 c 211 § 1306; 1993 c 356 § 2; 1987 c 55 § 40; 1986 c 240 § 7; 1982 c 35 § 78.]

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

24.03.048 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 § 3106; 1986 c 240 § 8; 1982 c 35 § 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.

24.03.050 Registered agent. Each corporation shall have and continuously maintain in this state a registered agent in accordance with Article 4 of chapter 23.95 RCW. [2015 c 176 § 3107; 2009 c 202 § 1; 2004 c 265 § 8; 1986 c 240 § 9; 1982 c 35 § 80; 1969 ex.s. c 163 § 1; 1967 c 235 § 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.

24.03.055 Change of registered agent. A corporation may change its registered agent by filing in the office of the secretary of state a statement of change in accordance with RCW 23.95.430.

Any registered agent of a corporation may resign as such agent upon filing a notice thereof, in the form of a record, with the secretary of state in accordance with RCW 23.95.445.

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 § 3108; 2004 c 265 § 9; 1993 c 356 § 3; 1986 c 240 § 10; 1982 c 35 § 81; 1967 c 235 § 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.

Additional notes found at www.leg.wa.gov

24.03.060 Service of process on corporation. Service of 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 § 3109; 1986 c 240 § 11; 1982 c 35 § 82; 1967 c 235 § 13.]

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.

24.03.065 Members—Member committees. (1) A corporation may have one or more classes of members or may have no members. If the corporation has one or more classes of members, the designation of the class or classes, the manner of election or appointment and the qualifications and rights of the members of each class must be set forth in the articles of incorporation or the bylaws. Unless otherwise specified in the articles of incorporation or the bylaws, an individual, domestic or foreign profit or nonprofit corporation, a general or limited partnership, an association or other entity may be a member of a corporation. If the corporation has no members, that fact must be set forth in the articles of incorporation or the bylaws. A corporation may issue certificates evidencing membership therein.

(2) A corporation may have one or more member committees. The creation, makeup, authority, and operating procedures of any member committee or committees must be addressed in the corporation's articles of incorporation or bylaws. [2004 c 98 § 1; 1986 c 240 § 12; 1967 c 235 § 14.]

24.03.070 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. The board may adopt emergency bylaws in the manner provided by RCW 23B.02.070. [1991 c 72 § 43; 1986 c 240 § 13; 1967 c 235 § 15.]

24.03.075 Meetings of members and committees of members. Meetings of members and committees of members may be held at such place, either within or without this state, as stated in or fixed in accordance with the bylaws. In the absence of any such provision, all meetings must be held at the registered office of the corporation in this state.

An annual meeting of the members must be held at the time stated in or fixed in accordance with the bylaws. Failure to hold the annual meeting at the designated time does not work a forfeiture or dissolution of the corporation.

Special meetings of the members may be called by the president or by the board of directors. Special meetings of the members may also be called by other officers or persons or number or proportion of members as provided in the articles of incorporation or the bylaws. In the absence of a provision fixing the number or proportion of members entitled to call a

meeting, a special meeting of members may be called by members having one-twentieth of the votes entitled to be cast at the meeting.

Except as otherwise restricted by the articles of incorporation or the bylaws, members and any committee of members of the corporation may participate in a meeting by conference telephone or similar communications equipment so that all persons participating in the meeting can hear each other at the same time. Participation by that method constitutes presence in person at a meeting. [2004 c 98 § 2; 1986 c 240 § 14; 1967 c 235 § 16.]

24.03.080 Notice of members' meetings. (1) Notice, in the form of a record, in a tangible medium, or in an electronic transmission, stating the place, day, and hour of the annual 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, by or at the direction of the president, or the secretary, or the officers or persons calling the meeting, to each member entitled to vote at such meeting. Notice of regular meetings other than annual shall 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 the next succeeding regular meeting and at any time when requested by a member or by such other notice as may be prescribed by the bylaws.

(2) If notice is provided in a tangible medium, it may be transmitted by: Mail, private carrier, or personal delivery; telegraph or teletype; or telephone, wire, or wireless equipment that transmits a facsimile of the notice. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the member at his or her address as it appears on the records of the corporation, with postage thereon prepaid. Other forms of notice in a tangible medium described in this subsection are effective when received.

(3) If notice is provided in an electronic transmission, it must satisfy the requirements of RCW 24.03.009. [2004 c 265 § 10; 1969 ex.s. c 115 § 1; 1967 c 235 § 17.]

Waiver of notice: RCW 24.03.460.

24.03.085 Voting. (1) The right of the members, or any class or classes of members, to vote may be limited, enlarged or denied to the extent specified in the articles of incorporation or the bylaws. Unless so limited, enlarged or denied, each member, regardless of class, shall be entitled to one vote on each matter submitted to a vote of members.

(2) A member may vote in person or, if so authorized by the articles of incorporation or the bylaws, may vote by mail, by electronic transmission, or by proxy in the form of a record executed by the member or a duly authorized attorney-in-fact. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy.

(3) If specifically permitted by the articles of incorporation or bylaws, whenever proposals or directors or officers are to be elected by members, the vote may be taken by mail or by electronic transmission if the name of each candidate and the text of each proposal to be voted upon are set forth in a record accompanying or contained in the notice of meeting. If the bylaws provide, an election may be conducted by elec-

tronic transmission if the corporation has designated an address, location, or system to which the ballot may be electronically transmitted and the ballot is electronically transmitted to the designated address, location, or system, in an executed electronically transmitted record. Members voting by mail or electronic transmission are present for all purposes of quorum, count of votes, and percentages of total voting power present.

(4) The articles of incorporation or the bylaws may provide that in all elections for directors every member 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. [2004 c 265 § 11; 1969 ex.s. c 115 § 2; 1967 c 235 § 18.]

Greater voting requirements: RCW 24.03.455.

24.03.090 Quorum. The bylaws may provide the number or percentage of members entitled to vote represented in person or by proxy, or the number or percentage of votes represented in person or by proxy, which shall constitute a quorum at a meeting of members. In the absence of any such provision, members holding one-tenth of the votes entitled to be cast represented in person or by proxy shall constitute a quorum. The vote of a majority of the votes entitled to be cast by the members present or represented by proxy at a meeting at which a quorum is present, shall be necessary for the adoption of any matter voted upon by the members, unless a greater proportion is required by this chapter, the articles of incorporation or the bylaws. [1967 c 235 § 19.]

Greater voting requirements: RCW 24.03.455.

24.03.095 Board of directors. The affairs of a corporation shall be managed by a board of directors. Directors need not be residents of this state or members 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. [1967 c 235 § 20.]

24.03.100 Number and election or appointment of directors. The board of directors of a corporation shall consist of one or more individuals. The number of directors shall be fixed by or in the manner provided in the articles of incorporation or the bylaws, except as to the number constituting the initial board of directors, which number shall be fixed by the articles of incorporation. The number of directors may be increased or decreased from time to time by amendment to or in the manner provided in the articles of incorporation or the bylaws, but a decrease shall not have the effect of shortening the term of any incumbent director. In the absence of a bylaw providing for the number of directors, the number shall be the same as that provided for in the articles of incorporation. The names and addresses of the members of the first board of directors shall be stated in the articles of incorporation. Such persons 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. Directors may be divided into classes and the terms of office and

manner of election or appointment need not be uniform. Each director shall hold office for the term for which the director is elected or appointed and until the director's successor shall have been selected and qualified. [1986 c 240 § 15; 1967 c 235 § 21.]

24.03.103 Removal of directors. The bylaws or articles of incorporation may contain a procedure for removal of directors. If the articles of incorporation or bylaws provide for the election of any director or directors by members, then in the absence of any provision regarding removal of directors:

(1) Any director elected by members may be removed, with or without cause, by two-thirds of the votes cast by members having voting rights with regard to the election of any director, represented in person or by proxy at a meeting of members at which a quorum is present;

(2) In the case of a corporation having cumulative voting, if less than the entire board is to be removed, no one of the directors may be removed if the votes cast against that director's removal would be sufficient to elect that director if then cumulatively voted at an election of the entire board of directors, or, if there be classes of directors, at an election of the class of directors of which he or she is a part; and

(3) Whenever the members of any class are entitled to elect one or more directors by the provisions of the articles of incorporation, the provisions of this section shall apply, in respect to the removal of a director or directors so elected, to the vote of the members of that class and not to the vote of the members as a whole. [1986 c 240 § 16.]

24.03.1031 Judicial removal of directors. (1) The superior court of the county where a corporation's principal office, or, if none in this state, its registered office, is located may remove a director of the corporation from office in a proceeding commenced by the corporation if the court finds that (a) the director engaged in fraudulent or dishonest conduct with respect to the corporation, and (b) removal is in the best interest of the corporation.

(2) The court that removes a director may bar the director from reelection for a period prescribed by the court. [1999 c 32 § 1.]

24.03.105 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 affirmative vote of a majority of the remaining board of directors even though less than a quorum is present unless the articles of incorporation or the bylaws provide that a vacancy or directorship so created shall be filled in some other manner, in which case such provision shall control. 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 § 655; 1986 c 240 § 17; 1967 c 235 § 22.]

24.03.110 Quorum of directors. A majority of the number of directors fixed by, or in the manner provided in the bylaws, or in the absence of a bylaw fixing or providing for the number of directors, then of the number fixed by or in the manner provided in the articles of incorporation, shall consti-

tute a quorum for the transaction of business, unless otherwise provided in the articles of incorporation or the bylaws; but in no event shall a quorum 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. [1986 c 240 § 18; 1967 c 235 § 23.]

Greater voting requirements: RCW 24.03.455.

24.03.113 Assent presumed—Procedures for dissent or abstention. A director of a corporation who is present at a meeting of its board of directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless the director's dissent or abstention shall be entered in the minutes of the meeting or unless the director shall deliver his or her dissent or abstention to such action to the person acting as the secretary of the meeting before the adjournment thereof, or shall deliver such dissent or abstention to the secretary of the corporation immediately after the adjournment of the meeting which dissent or abstention must be in the form of a record. Such right to dissent or abstain shall not apply to a director who voted in favor of such action. [2004 c 265 § 12; 1986 c 240 § 19.]

24.03.115 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 amending, altering, or repealing the bylaws; electing, appointing, or removing any member of any such committee or any director or officer of the corporation; amending the articles of incorporation; adopting a plan of merger or adopting a plan of consolidation with another corporation; authorizing 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; authorizing the voluntary dissolution of the corporation or revoking proceedings therefor; adopting a plan for the distribution of the assets of the corporation; or 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 § 656; 1986 c 240 § 20; 1967 c 235 § 24.]

24.03.120 Place and notice of directors' meetings. Meetings of the board of directors, regular or special, may be held either within or without this state.

Regular meetings of the board of directors or of any committee designated by the board of directors may be held with or without notice as prescribed in the bylaws. Special

meeting of the board of directors or any committee designated by the board of directors shall be held upon such notice as is prescribed in the bylaws. Attendance of a director or a committee member at a meeting shall constitute a waiver of notice of such meeting, except where a director or a committee member 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 or any committee designated by the board of directors need be specified in the notice or waiver of notice of such meeting unless required by the bylaws. If notice of regular or special meetings is provided by electronic transmission, it must satisfy the requirements of RCW 24.03.009.

Except as may be otherwise restricted by the articles of incorporation or bylaws, members of the board of directors or any committee designated by the board of directors may participate in a meeting of such board or committee by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time and participation by such means shall constitute presence in person at a meeting. [2004 c 265 § 13; 1986 c 240 § 21; 1967 c 235 § 25.]

Waiver of notice: RCW 24.03.460.

24.03.125 Officers. The officers of a corporation shall consist of a president, one or more vice presidents, a secretary, and a treasurer, each of whom shall be elected or appointed at such time and in such manner and for such terms 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 articles or bylaws so provide, any two or more offices may be held by the same person, except the offices of president and secretary. Such other officers and assistant officers or agents as may be deemed necessary may be elected or appointed by the board of directors or chosen in such other manner as may be prescribed by the articles or bylaws.

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. [1986 c 240 § 22; 1967 c 235 § 26.]

24.03.127 Duties of a director. A director shall perform the duties of a director, including the duties as a member of any committee of the board upon which the director may serve, in good faith, in a manner such director believes to be in the best interests of the corporation, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

In performing the duties of a director, a director shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by:

(1) One or more officers or employees of the corporation whom the director believes to be reliable and competent in the matter presented;

(2) Counsel, public accountants, or other persons as to matters which the director believes to be within such person's professional or expert competence; or

(3) A committee of the board upon which the director does not serve, duly designated in accordance with a provision in the articles of incorporation or bylaws, as to matters within its designated authority, which committee the director believes to merit confidence; so long as, in any such case, the director acts in good faith, after reasonable inquiry when the need therefor is indicated by the circumstances and without knowledge that would cause such reliance to be unwarranted. [1986 c 240 § 23.]

24.03.130 Removal of officers. Any officer elected or appointed may be removed by the persons authorized to elect or appoint such officer whenever in their judgment the best interests of the corporation will be served thereby. The removal of an officer shall be without prejudice to the contract rights, if any, of the officer so removed. Election or appointment of an officer or agent shall not of itself create contract rights. [1967 c 235 § 27.]

24.03.135 Required documents in the form of a record—Inspection—Copying. Each corporation shall keep at its registered office, its principal office in this state, or at its secretary's office if in this state, the following documents in the form of a record:

- (1) Current articles and bylaws;
- (2) A list of members, including names, addresses, and classes of membership, if any;
- (3) Correct and adequate statements of accounts and finances;
- (4) A list of officers' and directors' names and addresses;
- (5) Minutes of the proceedings of the members, if any, the board, and any minutes which may be maintained by committees of the board.

The corporate records shall be open at any reasonable time to inspection by any member of more than three months standing or a representative of more than five percent of the membership.

Cost of inspecting or copying shall be borne by such member except for costs for copies of articles or bylaws. Any such member must have a purpose for inspection reasonably related to membership interests. Use or sale of members' lists by such member if obtained by inspection is prohibited.

The superior court of the corporation's or such member's residence may order inspection and may appoint independent inspectors. Such member shall pay inspection costs unless the court orders otherwise. [2004 c 265 § 14; 1986 c 240 § 24; 1967 c 235 § 28.]

24.03.140 Loans to directors and officers prohibited. No loans 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 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. [1967 c 235 § 29.]

24.03.145 Filing of articles of incorporation. The articles of incorporation shall be delivered to the secretary of state for filing in accordance with Article 2 of chapter 23.95 RCW. [2015 c 176 § 3110; 2002 c 74 § 7; 1982 c 35 § 83; 1967 c 235 § 30.]

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

24.03.150 Effect of filing the articles of incorporation. Upon the filing of the articles of incorporation, the corporate existence shall begin, and the certificate of incorporation shall 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, except as against the state in a proceeding to cancel or revoke the certificate of incorporation or for involuntary or administrative dissolution. [1986 c 240 § 25; 1982 c 35 § 84; 1967 c 235 § 31.]

Intent—Severability—Effective dates—Application—1982 c 35: See notes following RCW 43.07.160.

24.03.155 Organization meetings. 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 directors named in the articles of incorporation, for the purpose of adopting bylaws, electing officers and the transaction of such other business as may come before the meeting. The directors calling the meeting shall give at least three days' notice thereof by mail, facsimile transmission, or electronic transmission to each director so named, which notice shall be in the form of a record and shall state the time and place of the meeting. If notice is provided by electronic transmission, it must satisfy the requirements of RCW 24.03.009. Any action permitted to be taken at the organization meeting of the directors may be taken without a meeting if each director executes a record stating the action so taken. [2004 c 265 § 15; 1986 c 240 § 26; 1967 c 235 § 32.]

24.03.160 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. [1967 c 235 § 33.]

24.03.165 Procedure to amend articles of incorporation. Amendments to the articles of incorporation shall be made in the following manner:

(1) Where there are members having voting rights, with regard to the question, 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 having voting rights, which may be either an annual or a special meeting. Notice in the form of a record setting forth the proposed amendment or a summary of the changes to be effected thereby shall be given to each member 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. The

proposed amendment shall be adopted upon receiving at least two-thirds of the votes which members present at such meeting or represented by proxy are entitled to cast.

(2) Where there are no members, or no members having voting rights, with regard to the question, an amendment shall be adopted at a meeting of the board of directors upon receiving the vote of a majority of the directors in office.

Any number of amendments may be submitted and voted upon at any one meeting. [2004 c 265 § 16; 1986 c 240 § 27; 1967 c 235 § 34.]

24.03.170 Articles of amendment. The articles of amendment shall be executed by the corporation by an officer of the corporation, and shall set forth:

(1) The name of the corporation.

(2) The amendment so adopted.

(3) Where there are members having voting rights, (a) a statement setting forth the date of the meeting of members 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 present at such meeting or represented by proxy were entitled to cast, or (b) a statement that such amendment was adopted by a consent in the form of a record executed by all members entitled to vote with respect thereto.

(4) Where there are no members, or no members having voting rights, a statement of such fact, the date of the meeting of the board of directors at which the amendment was adopted, and a statement of the fact that such amendment received the vote of a majority of the directors in office. [2004 c 265 § 17; 1982 c 35 § 85; 1967 c 235 § 35.]

Intent—Severability—Effective dates—Application—1982 c 35: See notes following RCW 43.07.160.

24.03.175 Filing of articles of amendment. 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 § 3111; 2002 c 74 § 8; 1982 c 35 § 86; 1967 c 235 § 36.]

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.

Fees: RCW 24.03.405.

Additional notes found at www.leg.wa.gov

24.03.180 Effect of filing of articles of amendment. Articles of amendment are effective as provided in RCW 23.95.210 and may state a delayed effective date in accordance with RCW 23.95.210.

No amendment shall affect any existing cause of action in favor of or against such corporation, or any pending action to which such corporation shall be a party, or 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 § 3112; 1986 c 240 § 28; 1982 c 35 § 87; 1967 c 235 § 37.]

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.

24.03.183 Restated articles of incorporation. A domestic corporation may at any time restate its articles of incorporation by a resolution adopted by the board of directors. A corporation may amend and restate in one resolution, but may not present the amendments and restatement for filing by the secretary in a single record. Separate articles of amendment, under RCW 24.03.165 and articles of restatement, under this section, must be presented notwithstanding the corporation's adoption of a single resolution of amendment and restatement.

Upon the adoption of the resolution, restated articles of incorporation shall be executed by the corporation by one of its officers. The restated articles shall set forth all of the operative provisions of the articles of incorporation together with a statement that the restated articles of incorporation correctly set forth without change the provisions of the articles of incorporation as 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 and shall supersede the original articles of incorporation and all amendments thereto. [2015 c 176 § 3113; 2004 c 265 § 18; 2002 c 74 § 9; 1986 c 240 § 29; 1982 c 35 § 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

24.03.185 Procedure for merger. Any two or more domestic corporations subject to this chapter 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. [1986 c 240 § 30; 1967 c 235 § 38.]

24.03.190 Procedure for consolidation. Any two or more domestic corporations subject to this chapter 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. [1986 c 240 § 31; 1967 c 235 § 39.]

24.03.195 Approval of merger or consolidation. A plan of merger or consolidation shall be adopted in the following manner:

(1) Where the members of any merging or consolidating corporation have voting rights with regard to the question, 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 having voting rights, which may be either an annual or a special meeting. Notice in the form of a record setting forth the proposed plan or a summary thereof shall be given to each member 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. The proposed plan shall be adopted upon receiving at least two-thirds of the votes which members present at each such meeting or represented by proxy are entitled to cast.

(2) Where any merging or consolidating corporation has no members, or no members having voting rights with regard to the question, a plan of merger or consolidation shall be adopted at a meeting of the board of directors of such corporation upon receiving the vote of a majority of the directors in office.

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. [2004 c 265 § 19; 1986 c 240 § 32; 1967 c 235 § 40.]

24.03.200 Articles of merger or consolidation. (1) Upon such 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) Where the members of any merging or consolidating corporation have voting rights, then as to each such corporation (i) a statement setting forth the date of the meeting of members 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 present at such meeting or represented by proxy were entitled to cast, or (ii) a statement that such amendment was adopted by a consent in the form of a record executed by all members entitled to vote with respect thereto;

(c) Where any merging or consolidating corporation has no members, or no members having voting rights, then as to each such corporation a statement of such fact, the date of the meeting of the board of directors at which the plan was

adopted and a statement of the fact that such plan received the vote of a majority of the directors in office.

(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 § 3114; 2004 c 265 § 20; 2002 c 74 § 10; 1986 c 240 § 33; 1982 c 35 § 89; 1967 c 235 § 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.

Additional notes found at www.leg.wa.gov

24.03.205 Merger or consolidation—When effective.

A merger or consolidation shall become effective upon the filing of the articles of merger or articles of consolidation with the secretary of state as provided in RCW 23.95.210, and may state a delayed effective date as provided in RCW 23.95.210. [2015 c 176 § 3115; 1986 c 240 § 34; 1982 c 35 § 90; 1967 c 235 § 42.]

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.

24.03.207 Merger or consolidation of domestic and foreign corporation. One or more foreign corporations and one or more domestic corporations may be merged or consolidated in the following manner, if such merger or consolidation 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 or consolidation 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 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 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 the merger or consolidation and in any proceeding for the enforcement of the rights, if any, of a member of any such domestic corporation against the surviving or new corporation.

The effect of the 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 the merger or consolidation shall be the same as in the case of the merger or consolidation of domestic corporations except as the laws of the other state provide otherwise.

(3) At any time prior to the effective date of the articles of merger or consolidation, the merger or consolidation may be abandoned pursuant to provision therefor, if any, set forth

in the plan of merger or consolidation. In the event the merger or consolidation is abandoned, the parties thereto shall execute a notice of abandonment executed by an officer for each corporation executing the notice, which must be in the form of a record, and deliver the notice to the secretary of state for filing in accordance with Article 2 of chapter 23.95 RCW. [2015 c 176 § 3116; 2004 c 265 § 21; 1986 c 240 § 35; 1982 c 35 § 91.]

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.

24.03.210 Effect of merger or consolidation. When such merger or consolidation has been affected:

(1) The several corporations parties 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 parties to the plan of merger or consolidation, except the surviving or new corporation, shall cease.

(3) Such 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) Such surviving or new corporation shall thereupon and thereafter possess all the rights, privileges, immunities, and franchises, as well of a public as of a private nature, of each of the merging or consolidating corporations; and 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 the title to any real estate, or any interest therein, vested in any of such corporations shall not revert or be in any way impaired by reason of such merger or consolidation.

(5) Such 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. Neither the 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. [1967 c 235 § 43.]

24.03.215 Sale, lease, exchange, or other disposition of assets not in the ordinary course of business. A sale, lease, exchange, or other disposition of all, or substantially all, the property and assets of a corporation, if not in the ordinary course of business, 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) Where there are members having voting rights with regard to the question, the board of directors shall adopt a resolution recommending such sale, lease, exchange, or other disposition and directing that it be submitted to a vote at a meeting of members having voting rights, which may be either an annual or a special meeting. Notice in the form of a record 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, the property and assets of the corporation shall be given to each member entitled to vote at such meeting, within the time and in the manner provided by this chapter for the giving of notice of meetings of members. 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. Such authorization shall require at least two-thirds of the votes which members present at such meeting or represented by proxy are entitled to cast. After such authorization by a vote of members, the board of directors, nevertheless, in its discretion, may abandon such sale, lease, exchange, or other disposition of assets, subject to the rights of third parties under any contracts relating thereto, without further action or approval by members.

(2) Where there are no members, or no members having voting rights with regard to the question, a sale, lease, exchange, or other disposition of all, or substantially all, the property and assets of a corporation shall be authorized upon receiving the vote of a majority of the directors in office. [2004 c 265 § 22; 1986 c 240 § 36; 1967 c 235 § 44.]

24.03.217 Sale, lease, exchange, or disposition of assets in course of business—Mortgage and pledge of assets. The sale, lease, exchange or other disposition of all, or substantially all, the property and assets of a corporation in the usual and regular course of its business and the mortgage or pledge of any or all property and assets of a corporation whether or not in the usual course of business 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, obligations, or other securities of any other corporation, domestic or foreign, as shall be authorized by its board of directors. In any such case, no other authorization or consent of any member shall be required. [1986 c 240 § 37.]

24.03.220 Voluntary dissolution. A corporation may dissolve and wind up its affairs in the following manner:

(1) Where there are members having voting rights with regard to the question, 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 having such voting rights, which may be either an annual or a special meeting. Notice in the form of a record stating that the purpose, or one of the purposes, of such meeting is to consider the advisability of dissolving the corporation, shall be given to each member 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. A resolution to dissolve the corporation shall be adopted upon receiving at least two-thirds of the votes which members present at such meeting or represented by proxy are entitled to cast.

(2) Where there are no members, or no members having voting rights with regard to the question, the dissolution of the corporation shall be authorized at a meeting of the board of directors upon the adoption of a resolution to dissolve by the vote of a majority of the directors in office.

Upon the adoption of such resolution by the members, or by the board of directors where there are no members or no members having voting rights, the corporation shall cease to conduct its affairs except in so far 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, to the attorney general with respect to assets subject to RCW 24.03.225(3), and to the department of revenue, and shall proceed to collect its assets and apply and distribute them as provided in this chapter. [2004 c 265 § 23; 1986 c 240 § 38; 1982 c 35 § 92; 1967 c 235 § 45.]

Intent—Severability—Effective dates—Application—1982 c 35:
See notes following RCW 43.07.160.

24.03.225 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 shall be 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) Assets received and held by the corporation subject to limitations permitting their use only for charitable, religious, eleemosynary, benevolent, educational or similar purposes, but not held upon a condition requiring return, transfer or conveyance by reason of the dissolution, shall be transferred or conveyed to one or more domestic or foreign corporations, societies or organizations engaged in activities substantially similar to those of the dissolving corporation, pursuant to a plan of distribution adopted as provided in this chapter;

(4) Other assets, if any, shall be distributed in accordance with the provisions of the articles of incorporation or the bylaws to the extent that the articles of incorporation or bylaws determine the distributive rights of members, or any class or classes of members, or provide for distribution to others;

(5) Any remaining assets may be distributed to such persons, societies, organizations or domestic or foreign corporations, whether for profit or not for profit, as may be specified in a plan of distribution adopted as provided in this chapter. [1967 c 235 § 46.]

24.03.230 Plan of distribution. A plan providing for the distribution of assets, not inconsistent with the provisions of this chapter, may be adopted by a corporation in the process of dissolution and shall be adopted by a corporation for the purpose of authorizing any transfer or conveyance of assets for which this chapter requires a plan of distribution, in the following manner:

(1) Where there are members having voting rights, the board of directors 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, which may be either an annual or a special meeting. Notice in the form of a record setting forth the proposed plan of distribution or a summary thereof shall be given to each member 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. Such plan of distribution shall be adopted upon receiving at least two-thirds of the votes which members present at such meeting or represented by proxy are entitled to cast.

(2) Where there are no members, or no members having voting rights, a plan of distribution shall be adopted at a meeting of the board of directors upon receiving a vote of a majority of the directors in office.

If the plan of distribution includes assets received and held by the corporation subject to limitations described in subsection (3) of RCW 24.03.225, notice of the adoption of the proposed plan shall be submitted to the attorney general by registered or certified mail directed to him or her at his or her office in Olympia, at least twenty days prior to the meeting at which the proposed plan is to be adopted. No plan for the distribution of such assets may be adopted without the approval of the attorney general, or the approval of a court of competent jurisdiction in a proceeding to which the attorney general is made a party. In the event that an objection is not filed within twenty days after the date of mailing, his or her approval shall be deemed to have been given. [2011 c 336 § 657; 2004 c 265 § 24; 1969 ex.s. c 115 § 3; 1967 c 235 § 47.]

24.03.235 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) Where there are members having voting rights, 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 having voting rights, which may be either an annual or a special meeting. Notice in the form of a record stating that the purpose, or one of the purposes, of such meeting is to consider the advisability of revoking the voluntary dissolution proceedings, shall be given to each member 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. A resolution to revoke the voluntary dissolution proceedings shall be adopted upon receiving at least two-thirds of the votes which members present at such meeting or represented by proxy are entitled to cast.

(2) Where there are no members, or no members having voting rights, a resolution to revoke the voluntary dissolution

proceedings shall be adopted at a meeting of the board of directors upon receiving the vote of a majority of the directors in office.

Upon the adoption of such resolution by the members, or by the board of directors where there are no members or no members having voting rights, the corporation may thereupon again conduct its affairs. [2004 c 265 § 25; 1967 c 235 § 48.]

Notice of members' meetings: RCW 24.03.080.

24.03.240 Articles of dissolution. If voluntary dissolution proceedings have not been revoked, then when 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 by the corporation by an officer of the corporation and shall set forth:

(1) The name of the corporation.

(2) Where there are members having voting rights, (a) a statement setting forth the date of the meeting of members at which the resolution to dissolve was adopted, that a quorum was present at such meeting, and that such resolution received at least two-thirds of the votes which members present at such meeting or represented by proxy were entitled to cast, or (b) a statement that such resolution was adopted by a consent in the form of a record executed by all members entitled to vote with respect thereto.

(3) Where there are no members, or no members having voting rights, a statement of such fact, the date of the meeting of the board of directors at which the resolution to dissolve was adopted and a statement of the fact that such resolution received the vote of a majority of the directors in office.

(4) That all debts, obligations, and liabilities of the corporation have been paid and discharged or that adequate provision has been made therefor.

(5) A copy of a revenue clearance certificate issued pursuant to chapter 82.32 RCW.

(6) That all the remaining property and assets of the corporation have been transferred, conveyed or distributed in accordance with the provisions of this chapter.

(7) That there are no suits pending against the corporation in any court, or that adequate provision has been made for the satisfaction of any judgment, order or decree which may be entered against it in any pending suit. [2004 c 265 § 26; 1993 c 356 § 4; 1982 c 35 § 93; 1967 c 235 § 49.]

Intent—Severability—Effective dates—Application—1982 c 35: See notes following RCW 43.07.160.

Additional notes found at www.leg.wa.gov

24.03.245 Filing of articles of dissolution. 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 such articles of dissolution the existence of the corporation shall cease, except for the purpose of suits, other proceedings and appropriate corporate action by members, directors, and officers as provided in this chapter. [2015 c 176 § 3117; 2002 c 74 § 11; 1982 c 35 § 94; 1967 c 235 § 50.]

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

24.03.250 Involuntary dissolution. A corporation may be dissolved involuntarily by a decree of the superior court in an action filed by the attorney general when it is established 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. [1969 ex.s. c 163 § 2; 1967 c 235 § 51.]

24.03.255 Notification to attorney general. The secretary of state shall certify, from time to time, the names of all corporations which have given cause for dissolution as provided in RCW 24.03.250, together with the facts pertinent thereto. Whenever the secretary of state shall certify the name of a corporation to the attorney general as having given any cause for dissolution, the secretary of state shall concurrently mail to the corporation at its registered office a notice that such certification has been made. Upon the receipt of such certification, the attorney general shall file an action in the name of the state against such corporation for its dissolution. [1982 c 35 § 95; 1969 ex.s. c 163 § 3; 1967 c 235 § 52.]

Intent—Severability—Effective dates—Application—1982 c 35: See notes following RCW 43.07.160.

24.03.260 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 some newspaper published in the county where the registered office of the corporation is situated, containing a notice of the pendency of such action, the title of the court, the title of the action, and the date on or after which default may be entered. 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 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. Unless a corporation shall have been served with summons, no default shall be taken against it earlier than thirty days after the first publication of such notice. [1967 c 235 § 53.]

24.03.266 Dissolution of a nonprofit corporation—Superior courts. Superior courts may dissolve a nonprofit corporation:

(2020 Ed.)

(1) Except as provided in the articles of incorporation or bylaws, in a proceeding by fifty members or members holding at least five percent of the voting power, whichever is less, by one or more directors, or by the attorney general 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 will 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;

(2) 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

(3) In a proceeding by the corporation to have its voluntary dissolution continued under court supervision. [2010 c 212 § 1.]

Application—2010 c 212: "This act is prospective and applies only to actions or proceedings commenced on or after March 25, 2010." [2010 c 212 § 6.]

Effective date—2010 c 212: "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 [March 25, 2010]." [2010 c 212 § 7.]

24.03.271 Dissolution of a nonprofit corporation—Venue—Proceedings—Court's authority—Distribution of assets. (1) Venue for a proceeding brought by the attorney general to dissolve a corporation pursuant to RCW 24.03.266 lies in the court specified in RCW 24.03.260. Venue for a proceeding brought by any other party named in RCW 24.03.266 lies in the county where a corporation's principal office (or, if none in this state, its registered office) is or was last located.

(2) 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.

(3) A court in a proceeding brought to dissolve a nonprofit corporation may issue injunctions, appoint a general or custodial receiver with all powers and duties the court directs, 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.

(4) A court in a judicial proceeding brought to dissolve a nonprofit corporation may appoint one or more general receivers to wind up and liquidate, or one or more custodial receivers to manage, the affairs of the corporation. The court

shall hold a hearing, after giving notice to all parties to the proceeding and any interested persons designated by the court, before appointing a general or custodial receiver. The court appointing a general or custodial receiver has exclusive jurisdiction over the corporation and all of its property wherever located.

(5) The court may require the general or custodial receiver to post bond, with or without sureties, in an amount the court directs.

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

(a) The general receiver:

(i) May dispose of all or any part of the assets of the nonprofit corporation wherever located, at a public or private sale, if authorized by the court; and

(ii) May sue and defend in his or her own name as general receiver of the corporation in all courts of this state;

(b) The custodial receiver may exercise all of the powers of the corporation, through or in place of its board of directors, to the extent necessary to manage the affairs of the corporation consistent with its mission and in the best interests of the corporation, and its creditors.

(7) During a general receivership, the court may redesignate the general receiver a custodial receiver, and during a custodial receivership may redesignate the custodial receiver a general receiver, if doing so is consistent with the mission of the nonprofit corporation and in the best interests of the corporation and its creditors.

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

(9) 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 shall be 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) Assets received and held by the corporation subject to limitations permitting their use only for charitable, religious, eleemosynary, benevolent, educational, or similar purposes, but not held upon a condition requiring return, transfer, or conveyance by reason of the dissolution or liquidation, shall be transferred or conveyed to one or more domestic or foreign corporations, societies, or organizations engaged in activities substantially similar to those of the dissolving or liquidating corporation as the court may direct;

(d) Other assets, if any, shall be distributed in accordance with the provisions of the articles of incorporation or the bylaws to the extent that the articles of incorporation or bylaws determine the distributive rights of members, or any class or classes of members, or provide for distribution to others;

(e) Any remaining assets may be distributed to such persons, societies, organizations, or domestic or foreign corporations, whether for profit or not for profit, specified in the plan of distribution adopted as provided in this chapter, or where no plan of distribution has been adopted, as the court may direct.

(10) Subsections (4) through (8) of this section do not apply to a church or its integrated auxiliaries. [2010 c 212 § 2.]

Application—Effective date—2010 c 212: See notes following RCW 24.03.266.

24.03.276 Dissolution of a nonprofit corporation—Decree. (1) If after a hearing the court determines that one or more grounds for judicial dissolution described in RCW 24.03.266 exist, 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 the decree of dissolution, the court shall direct the winding up and liquidation of the nonprofit corporation's affairs in accordance with this chapter. [2010 c 212 § 3.]

Application—Effective date—2010 c 212: See notes following RCW 24.03.266.

24.03.295 Filing of decree of dissolution. In case the court shall enter a decree dissolving a corporation, it shall be the duty of the clerk of such court to cause a certified copy of the decree to be filed with the secretary of state. No fee shall be charged by the clerk for issuance or by the secretary of state for the filing thereof. [1986 c 240 § 40; 1967 c 235 § 60.]

24.03.300 Survival of remedy after dissolution—Extension of duration of corporation. The dissolution of a corporation either (1) by the filing and issuance of a certificate of dissolution, voluntary or administrative, 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, or members, for any right or claim existing, or any liability incurred, prior to such dissolution if action or other proceeding thereon is commenced within two years after the date of such dissolution. Any such action or proceeding by or against the corporation may be prosecuted or defended by the corporation in its corporate name. The members, directors and officers shall have power to take such corporate or other action as shall be appropriate to protect such remedy, right or claim. If such corporation was dissolved by the expiration of its period of duration, such corporation may amend its articles of incorporation at any time during such period of two years after expiration so as 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 Article 3 of chapter 23.95 RCW 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 as established by the secretary of state under RCW 23.95.260. [2015 c 176 § 3118; 1986 c 240 § 41; 1982 c 35 § 96; 1967 c 235 § 61.]

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.

24.03.302 Administrative dissolution—Reinstatement—Survival of actions. 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 in RCW 24.03.300 and the directors of the corporation shall hold the title to the property of the corporation as trustees for the benefit of its creditors and members. [2015 c 176 § 3119; 1994 c 287 § 8; 1993 c 356 § 5; 1987 c 117 § 3; 1986 c 240 § 42; 1982 c 35 § 97; 1971 ex.s. c 128 § 1; 1969 ex.s. c 163 § 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.

Additional notes found at www.leg.wa.gov

24.03.305 Registration of foreign corporation—Authority to conduct affairs. (1) A foreign corporation shall not conduct affairs in this state until it registers with the secretary of state in accordance with 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 § 3120; 1993 c 181 § 12; 1986 c 240 § 43; 1967 c 235 § 62.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

24.03.310 Powers of foreign corporation—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 § 3121; 1967 c 235 § 63.]

24.03.315 Corporate name of foreign corporation—Fictitious name. The corporate name of a foreign corporation registered in this state must comply with the provisions of RCW 23.95.525 and Article 3 of chapter 23.95 RCW. [2015 c 176 § 3122; 1982 c 35 § 98; 1967 c 235 § 64.]

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 24.03.047.

(2020 Ed.)

Reservation of exclusive right to use a corporate name: RCW 24.03.046.

24.03.325 Foreign registration statement. 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. The statement must be executed by the corporation by one of its officers. [2015 c 176 § 3123; 2002 c 74 § 12; 1986 c 240 § 45; 1967 c 235 § 66.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

Additional notes found at www.leg.wa.gov

24.03.332 Certificate of authority as insurance company—Filing of records. 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 filed with the secretary of state, the records shall be filed with the insurance commissioner rather than the secretary of state. [2004 c 265 § 28; 1998 c 23 § 12.]

24.03.334 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 § 13.]

24.03.335 Effect of foreign registration statement—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, however, to the right of this state to terminate the registration as provided in RCW 23.95.550. [2015 c 176 § 3124; 1982 c 35 § 100; 1967 c 235 § 68.]

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.

24.03.340 Registered agent of foreign corporation. Each 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 § 3125; 2004 c 265 § 29; 1982 c 35 § 101; 1967 c 235 § 69.]

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.

24.03.345 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.

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.

A registered agent of a foreign corporation 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 § 3126; 2004 c 265 § 30; 1993 c 356 § 6; 1986 c 240 § 47; 1982 c 35 § 102; 1967 c 235 § 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.

Additional notes found at www.leg.wa.gov

24.03.350 Service on foreign 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.

Nothing herein contained 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 § 3127; 2011 c 336 § 658; 1986 c 240 § 48; 1982 c 35 § 103; 1967 c 235 § 71.]

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.

24.03.360 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 the laws of which it is incorporated, and such corporation shall be the surviving corporation, 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. [1986 c 240 § 49; 1967 c 235 § 73.]

Purposes: RCW 24.03.015.

24.03.365 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 § 3128; 2004 c 265 § 31; 1967 c 235 § 74.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

24.03.370 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 § 3129; 1993 c 356 § 7; 1982 c 35 § 104; 1967 c 235 § 75.]

[Title 24 RCW—page 18]

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

24.03.380 Termination of registration. (1) 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 § 3130; 2004 c 265 § 32; 1986 c 240 § 50; 1982 c 35 § 106; 1967 c 235 § 77.]

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.

24.03.390 Conducting affairs without registering. A foreign corporation which is conducting affairs in this state without registering with the secretary of state is subject to RCW 23.95.505. [2015 c 176 § 3131; 1986 c 240 § 52; 1967 c 235 § 79.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

24.03.395 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 § 3132; 1993 c 356 § 10; 1989 c 291 § 2; 1987 c 117 § 4; 1986 c 240 § 53; 1982 c 35 § 108; 1967 c 235 § 80.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

Finding—Severability—1989 c 291: See notes following RCW 24.03.490.

Intent—Severability—Effective dates—Application—1982 c 35: See notes following RCW 43.07.160.

Additional notes found at www.leg.wa.gov

24.03.405 Applicable fees, charges, and penalties. Nonprofit 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 § 3133; 2010 1st sp.s. c 29 § 3; 1993 c 269 § 5; 1991 c 223 § 1; 1987 c 117 § 5; 1986 c 240 § 55; 1982 c 35 § 110; 1981 c 230 § 5; 1969 ex.s. c 163 § 5; 1967 c 235 § 82.]

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

24.03.417 Fees for services by secretary of state. See RCW 43.07.120.

24.03.420 Penalties imposed upon corporation. Each corporation, domestic or foreign, that fails or refuses to answer truthfully and fully within the time prescribed by this

chapter interrogatories propounded by the secretary of state in accordance with the provisions of this chapter, shall be deemed to be guilty of a misdemeanor and upon conviction thereof may be fined in any amount not exceeding five hundred dollars. [1969 ex.s. c 163 § 7; 1967 c 235 § 85.]

24.03.425 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 interrogatories propounded to him or her by the secretary of state in accordance with the provisions of this chapter shall be deemed to be guilty of a misdemeanor, and upon conviction thereof may be fined in any amount not exceeding five hundred dollars. [2015 c 176 § 3134; 2004 c 265 § 34; 1967 c 235 § 86.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

24.03.430 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 the provisions of this chapter applicable to such corporation. 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 and shall be made in writing and under oath. If such interrogatories be directed to an individual they shall be answered by that individual, and if directed to a corporation they shall be answered by the president, vice president, secretary or assistant secretary thereof. The secretary of state need not file any record to which such interrogatories relate until such interrogatories be answered as herein provided, and not then if the answers thereto disclose that such record 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. [2004 c 265 § 35; 1982 c 35 § 112; 1967 c 235 § 87.]

Intent—Severability—Effective dates—Application—1982 c 35: See notes following RCW 43.07.160.

24.03.435 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 except in so far as the secretary of state's official duty may require the same to be made public or in the event such interrogatories or the answers thereto are required for evidence in any criminal proceedings or in any other action by this state. [1982 c 35 § 113; 1967 c 235 § 88.]

Intent—Severability—Effective dates—Application—1982 c 35: See notes following RCW 43.07.160.

24.03.440 Power and authority of secretary of state. The secretary of state shall have the 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 § 114; 1967 c 235 § 89.]

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.

24.03.445 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 § 3135; 2004 c 265 § 36; 1986 c 240 § 56; 1982 c 35 § 115; 1967 c 235 § 90.]

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.

24.03.455 Greater voting requirements. Whenever, with respect to any action to be taken by the members or directors of a corporation, the articles of incorporation require the vote or concurrence of a greater proportion of the members 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. [1967 c 235 § 92.]

24.03.460 Waiver of notice. Whenever any notice is required to be given to any member 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 in the form of a record executed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice. [2004 c 265 § 38; 1967 c 235 § 93.]

24.03.465 Action by members or directors without a meeting. Any action required by this chapter to be taken at a meeting of the members or directors of a corporation, or any action which may be taken at a meeting of the members or directors, may be taken without a meeting if a consent in the form of a record, setting forth the action so taken, shall be executed by all of the members entitled to vote with respect to the subject matter thereof, or all of the directors, as the case may be.

Such consent shall have the same force and effect as a unanimous vote, and may be stated as such in any articles or record filed with the secretary of state under this chapter. [2004 c 265 § 39; 1967 c 235 § 94.]

24.03.470 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. [1967 c 235 § 95.]

24.03.480 Postsecondary education loans—Interest rates. A nonprofit corporation may charge interest upon any loan made under a program to finance postsecondary education at any rate or rates of interest which are permitted by state or federal law to be charged by any state or federally

chartered bank, savings and loan association, or credit union. [1989 c 166 § 1.]

24.03.490 Public benefit nonprofit corporation designation established. There is hereby established the special designation "public benefit not for profit corporation" or "public benefit nonprofit corporation." A corporation may be designated as a public benefit nonprofit corporation if it meets the following requirements:

(1) The corporation complies with the provisions of this chapter; and

(2) The corporation holds a current tax exempt status as provided under 26 U.S.C. Sec. 501(c)(3) or is not required to apply for its tax exempt status under 26 U.S.C. Sec. 501(c)(3). [1989 c 291 § 4.]

Finding—1989 c 291: "The legislature finds that it is in the public interest to increase the level of accountability to the public of nonprofit corporations through improved reporting, increased consistency between state and federal statutes, and a clear definition of those nonprofit corporations that may hold themselves out as operating to benefit the public." [1989 c 291 § 1.]

Additional notes found at www.leg.wa.gov

24.03.500 Public benefit nonprofit corporations—Temporary designation. A temporary designation as a public benefit nonprofit corporation may be provided to a corporation that has applied for tax exempt status under 26 U.S.C. Sec. 501(c)(3). The temporary designation is valid for up to one year and may be renewed at the discretion of the secretary. [1989 c 291 § 5.]

Finding—Severability—1989 c 291: See notes following RCW 24.03.490.

24.03.510 Public benefit nonprofit corporations—Application. The secretary shall develop an application process for new and existing corporations to apply for public benefit nonprofit corporation status. [1989 c 291 § 6.]

Finding—Severability—1989 c 291: See notes following RCW 24.03.490.

24.03.520 Public benefit nonprofit corporations—Renewal. The designation "public benefit nonprofit corporation" shall be renewed annually. The secretary may schedule renewals in conjunction with existing corporate renewals. [1989 c 291 § 7.]

Finding—Severability—1989 c 291: See notes following RCW 24.03.490.

24.03.530 Public benefit nonprofit corporations—Fees. The secretary may establish fees to cover the cost of renewals. [1989 c 291 § 8.]

Finding—Severability—1989 c 291: See notes following RCW 24.03.490.

24.03.540 Public benefit nonprofit corporations—Removal of status. The secretary may remove a corporation's public benefit nonprofit corporation designation if it does not comply with the provisions of this chapter or does not maintain its exempt status under 26 U.S.C. Sec. 501(c)(3). The secretary in removing a corporation's public benefit nonprofit corporation status shall comply with administrative procedures provided by this chapter. [1989 c 291 § 9.]

Finding—Severability—1989 c 291: See notes following RCW 24.03.490.

24.03.550 Host home programs—Registration. (1) Host home programs have the same meaning as described in RCW 74.15.020.

(2) Host home programs shall register with the secretary of state's office. This registration may occur when the host home program files articles of incorporation or registers as a nonprofit organization under this chapter.

(3) The host home program registration must include a notarized statement by the host home program that it meets all of the statutory requirements as provided for in RCW 74.15.020.

(4) The secretary of state has no duty to confirm that a host home program is meeting its statutory requirements.

(5) Any filing under this section does not imply an endorsement by the secretary of state.

(6) The secretary of state may adopt rules as necessary to carry out its duties under this section. [2016 c 166 § 3.]

24.03.900 Short title. This chapter shall be known and may be cited as the "Washington nonprofit corporation act." [1967 c 235 § 1.]

24.03.905 Savings—1967 c 235. Any corporation existing on the date when this chapter takes effect shall continue to exist as a corporation despite any provision of this chapter changing the requirements for forming a corporation or repealing or amending the law under which it was formed. The provisions of this chapter shall, however, apply prospectively to the fullest extent permitted by the Constitutions of the United States and the state of Washington to all existing corporations organized under any general act of the territory or the state of Washington providing for the organization of corporations for a purpose or purposes for which a corporation might be organized under this chapter. The repeal of any prior act or part thereof by this chapter shall not affect any right accrued or any liability or penalty incurred, under the provisions of such act, prior to the repeal thereof. The repeal of a prior act or acts by this chapter shall not affect any existing corporation organized for a purpose or purposes other than those for which a corporation might be organized under this chapter. [1967 c 235 § 96.]

24.03.915 Notice to existing corporations. (1) The secretary of state shall notify all existing nonprofit corporations thirty days prior to the effective date of this chapter, that in the event they fail to appoint a registered agent as provided in chapter 163, Laws of 1969 ex. sess. within ninety days following the effective date of chapter 163, Laws of 1969 ex. sess., they shall thereupon cease to exist.

(2) If the notification provided under subsection (1) of this section, from the secretary of state to any corporation was or has been returned unclaimed or undeliverable, the secretary of state shall proceed to dissolve the corporation by striking the name of such corporation from the records of active corporations.

(3) Corporations dissolved under subsection (2) of this section may be reinstated at any time within three years of the dissolution action by the secretary of state. The corporation

shall be reinstated by filing a request for reinstatement, by appointment of a registered agent and designation of a registered office as required by this chapter, and by filing an annual report for the reinstatement year. No fees may be charged for reinstatements under this section. 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 seeking reinstatement shall be required to adopt another name consistent with the requirements of this chapter and to amend its articles of incorporation accordingly. [1982 c 35 § 117; 1969 ex.s. c 163 § 8; 1967 c 235 § 98.]

Intent—Severability—Effective dates—Application—1982 c 35: See notes following RCW 43.07.160.

Additional notes found at www.leg.wa.gov

24.03.920 Repealer—Exception. The following acts or parts of acts, except insofar as may be applicable to the rights, powers and duties of persons and corporations not subject to the provisions of this chapter, are hereby repealed:

- (1) Chapter 110, Laws of 1961;
- (2) Section 6, chapter 12, Laws of 1959;
- (3) Section 3, chapter 263, Laws of 1959;
- (4) Chapter 32, Laws of 1955;
- (5) Chapter 121, Laws of 1953;
- (6) Chapter 249, Laws of 1947;
- (7) Chapter 122, Laws of 1943;
- (8) Chapter 89, Laws of 1933;
- (9) Section 2, chapter 63, Laws of 1925 extraordinary session;
- (10) Chapter 8, Laws of 1923;
- (11) Chapter 75, Laws of 1907;
- (12) Chapter 134, Laws of 1907;
- (13) Chapter 125, Laws of 1905;
- (14) Page 24, chapter XIX (19), Laws of 1895;
- (15) Page 348, chapter CXXXV (135), Laws of 1895;
- (16) Chapter CLVIII (158), Laws of 1895;
- (17) Section 1, page 86, Laws of 1886;
- (18) Sections 2450 through 2454, Code of 1881;
- (19) Pages 409 through 411, Laws of 1873;
- (20) Pages 341 and 342, Laws of 1869;
- (21) Pages 67 and 68, Laws of 1866; and
- (22) RCW sections 24.01.010, 24.04.010 through 24.04.170, 24.08.010 through 24.08.900, and 24.16.010 through 24.16.140. [1967 c 235 § 100.]

24.03.925 Effective date—1967 c 235. This chapter shall become effective July 1, 1969. [1967 c 235 § 99.]

**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 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 agencies 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;

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(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

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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 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

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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 corporation 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 incorpo-

ration, 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 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.

(2020 Ed.)

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 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 payment 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

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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 advisability 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,

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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.]

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 corpo-

ration 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.]

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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 par-

ticipating 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 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.

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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: See note following RCW 24.03.405.

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.

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 corporation 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 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.

(2020 Ed.)

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.

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.

(2020 Ed.)

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.

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 administrative 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

Sections

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24.36.440	Liability of member for breach of marketing contract.
24.36.450	Injunctions, specific performance if breach or threatened breach by member.
24.36.460	Presumption that landlord or lessor can control delivery—Remedies for nondelivery or breach.
24.36.470	Enforcement by association to secure delivery by member.

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 inconsis-

tent 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.]

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 calling 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, 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

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 24.03 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). [2011 c 310 § 1; 2006 c 34 § 2.]

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 accor-

dance 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.]

