

Senate File 2274

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1 3 AN ACT
1 4 RELATING TO THE REVISED IOWA NONPROFIT CORPORATION ACT AND
1 5 PROVIDING PENALTIES AND EFFECTIVE AND APPLICABILITY DATES.

1 6
1 7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 8
1 9 SUBCHAPTER I
1 10 GENERAL PROVISIONS

1 11 PART 1

1 12 SHORT TITLE AND APPLICATIONS

1 13 Section 1. NEW SECTION. 504.101A SHORT TITLE.

1 14 This chapter shall be known and may be cited as the
1 15 "Revised Iowa Nonprofit Corporation Act".

1 16 Sec. 2. NEW SECTION. 504.101B RESERVATION OF POWER TO
1 17 AMEND OR REPEAL.

1 18 The general assembly has power to amend or repeal all or
1 19 part of this chapter at any time and all domestic and foreign
1 20 corporations subject to this chapter are governed by the
1 21 amendment or repeal.

1 22 PART 2

1 23 FILING DOCUMENTS

1 24 Sec. 3. NEW SECTION. 504.111 FILING REQUIREMENTS.

1 25 1. A document must satisfy the requirements of this
1 26 section, and of any other section that adds to or varies these
1 27 requirements, to be entitled to filing by the secretary of
1 28 state.

1 29 2. This chapter must require or permit filing the document
1 30 in the office of the secretary of state.

1 31 3. The document must contain the information required by
1 32 this subchapter. It may contain other information as well.

1 33 4. The document must be typewritten or printed. If the
1 34 document is electronically transmitted, it must be in a format
1 35 that can be retrieved or reproduced in typewritten or printed
2 1 form.

2 2 5. The document must be in the English language. However,
2 3 a corporate name need not be in English if written in English
2 4 letters or Arabic or Roman numerals. The certificate of
2 5 existence required of foreign corporations need not be in
2 6 English if accompanied by a reasonably authenticated English
2 7 translation.

2 8 6. The document must be executed by one of the following:

2 9 a. The presiding officer of the board of directors of a
2 10 domestic or foreign corporation, its president, or by another
2 11 of its officers.

2 12 b. If directors have not been selected or the corporation
2 13 has not been formed, by an incorporator.

2 14 c. If the corporation is in the hands of a receiver,
2 15 trustee, or other court-appointed fiduciary, by that
2 16 fiduciary.

2 17 7. The person executing a document shall sign it and state
2 18 beneath or opposite the signature the person's name and the
2 19 capacity in which the person signs. The document may contain
2 20 a corporate seal, an attestation, an acknowledgment, or a
2 21 verification.

2 22 8. If the secretary of state has prescribed a mandatory
2 23 form for a document under section 504.112, the document must
2 24 be in or on the prescribed form.

2 25 9. The document must be delivered to the office of the
2 26 secretary of state for filing. Delivery may be made by
2 27 electronic transmission if and to the extent permitted by the
2 28 secretary of state. If it is filed in typewritten or printed
2 29 form and not transmitted electronically, the secretary of
2 30 state may require one exact or conformed copy to be delivered
2 31 with the document, except as provided in sections 504.503 and
2 32 504.1509.

2 33 10. When the document is delivered to the office of the
2 34 secretary of state for filing, the correct filing fee, and any
2 35 franchise tax, license fee, or penalty, shall be paid in a

3 1 manner permitted by the secretary of state.

3 2 11. The secretary of state may adopt rules for the
3 3 electronic filing of documents and the certification of
3 4 electronically filed documents.

3 5 Sec. 4. NEW SECTION. 504.112 FORMS.

3 6 1. The secretary of state may prescribe and furnish on
3 7 request, forms for an application for a certificate of
3 8 existence, a foreign corporation's application for a
3 9 certificate of authority to transact business in this state, a
3 10 foreign corporation's application for a certificate of
3 11 withdrawal, and the biennial report. If the secretary of
3 12 state so requires, use of these forms is mandatory.

3 13 2. The secretary of state may prescribe and furnish on
3 14 request forms for other documents required or permitted to be
3 15 filed by this chapter but their use is not mandatory.

3 16 Sec. 5. NEW SECTION. 504.113 FILING, SERVICE, AND
3 17 COPYING FEES.

3 18 1. The secretary of state shall collect the following
3 19 fees, as provided by the secretary of state, when the
3 20 documents described in this subsection are delivered for
3 21 filing:

3 22	DOCUMENT	FEE
3 23	a. Articles of incorporation	\$
3 24	b. Application for use of indistinguishable	
3 25	name	\$
3 26	c. Application for reserved name	\$
3 27	d. Notice of transfer of reserved name	\$
3 28	e. Application for registered name	\$
3 29	f. Application for renewal of registered name ...	\$
3 30	g. Corporation's statement of change of	
3 31	registered agent or registered office or both	\$
3 32	h. Agent's statement of change of registered	
3 33	office for each affected corporation not to	
3 34	exceed a total of	\$
3 35	i. Agent's statement of resignation	no fee
4 1	j. Amendment of articles of incorporation	\$
4 2	k. Restatement of articles of incorporation	
4 3	with amendments	\$
4 4	l. Articles of merger	\$
4 5	m. Articles of dissolution	\$
4 6	n. Articles of revocation of dissolution	\$
4 7	o. Certificate of administrative dissolution	\$
4 8	p. Application for reinstatement following	
4 9	administrative dissolution	\$
4 10	q. Certificate of reinstatement	no fee
4 11	r. Certificate of judicial dissolution	no fee
4 12	s. Application for certificate of authority	\$
4 13	t. Application for amended certificate of	
4 14	authority	\$
4 15	u. Application for certificate of withdrawal	\$
4 16	v. Certificate of revocation of authority	
4 17	to transact business	no fee
4 18	w. Biennial report	\$
4 19	x. Articles of correction	\$
4 20	y. Application for certificate of existence	
4 21	or authorization	\$
4 22	z. Any other document required or permitted	
4 23	to be filed by this Act	\$

4 24 2. The secretary of state shall collect a fee upon being
4 25 served with process under this chapter. The party to a
4 26 proceeding causing service of process is entitled to recover
4 27 the fee paid the secretary of state as costs if the party
4 28 prevails in the proceeding.

4 29 3. The secretary of state shall collect fees for copying
4 30 and certifying the copy of any filed document relating to a
4 31 domestic or foreign corporation.

4 32 Sec. 6. NEW SECTION. 504.114 EFFECTIVE DATE OF DOCUMENT.

4 33 1. Except as provided in subsection 2 and section 504.115,
4 34 a document is effective at the later of the following times:

4 35 a. At the date and time of filing, as evidenced by such
5 1 means as the secretary of state may use for the purpose of
5 2 recording the date and time of filing.

5 3 b. At the time specified in the document as its effective
5 4 time on the date it is filed.

5 5 2. A document may specify a delayed effective time and
5 6 date, and if it does so the document becomes effective at the
5 7 time and date specified. If a delayed effective date but no
5 8 time is specified, the document is effective at the close of
5 9 business on that date. A delayed effective date for a
5 10 document shall not be later than the ninetieth day after the
5 11 date filed.

5 12 Sec. 7. NEW SECTION. 504.115 CORRECTING FILED DOCUMENT.

5 13 1. A domestic or foreign corporation may correct a
5 14 document filed by the secretary of state if the document
5 15 satisfies one of the following:

5 16 a. The document contains an inaccuracy.

5 17 b. The document was defectively executed, attested,
5 18 sealed, verified, or acknowledged.
5 19 c. The electronic transmission was defective.
5 20 2. A document is corrected by doing both of the following:
5 21 a. By preparing articles of correction that satisfy all of
5 22 the following requirements:
5 23 (1) Describe the document, including its filing date, or
5 24 attaching a copy of the document to the articles.
5 25 (2) Specify the inaccuracy or defect to be corrected.
5 26 (3) Correct the incorrect statement or defective
5 27 execution.

5 28 b. By delivering the articles of correction to the
5 29 secretary of state for filing.
5 30 3. Articles of correction are effective on the effective
5 31 date of the document they correct except as to persons relying
5 32 on the uncorrected document and adversely affected by the
5 33 correction. As to those persons, articles of correction are
5 34 effective when filed.

5 35 Sec. 8. NEW SECTION. 504.116 FILING DUTY OF SECRETARY OF
6 1 STATE.

6 2 1. If a document delivered to the office of the secretary
6 3 of state for filing satisfies the requirements of section
6 4 504.111, the secretary of state shall file it.

6 5 2. The secretary of state files a document by recording
6 6 the document as filed on the date and the time of receipt.
6 7 After filing a document, except as provided in sections
6 8 504.504, 504.1510, and 504.1613, the secretary of state shall
6 9 deliver to the domestic or foreign corporation or its
6 10 representative a copy of the document with an acknowledgment
6 11 of the date and time of filing.

6 12 3. Upon refusing to file a document, the secretary of
6 13 state shall return it to the domestic or foreign corporation
6 14 or its representative, together with a brief, written
6 15 explanation of the reason or reasons for the refusal.

6 16 4. The secretary of state's duty to file documents under
6 17 this section is ministerial. Filing or refusal to file a
6 18 document does not do any of the following:

6 19 a. Affect the validity or invalidity of the document in
6 20 whole or in part.

6 21 b. Relate to the correctness or incorrectness of
6 22 information contained in the document.

6 23 c. Create a presumption that the document is valid or
6 24 invalid or that information contained in the document is
6 25 correct or incorrect.

6 26 Sec. 9. NEW SECTION. 504.117 APPEAL FROM SECRETARY OF
6 27 STATE'S REFUSAL TO FILE DOCUMENT.

6 28 1. If the secretary of state refuses to file a document
6 29 delivered for filing to the secretary of state's office, the
6 30 domestic or foreign corporation may appeal the refusal to the
6 31 district court in the county where the corporation's principal
6 32 office, or if there is none in this state, its registered
6 33 office, is or will be located. The appeal is commenced by
6 34 petitioning the court to compel filing the document and by
6 35 attaching to the petition the document and the secretary of
7 1 state's explanation of the refusal to file.

7 2 2. The court may summarily order the secretary of state to
7 3 file the document or take other action the court considers
7 4 appropriate.

7 5 3. The court's final decision may be appealed as in other
7 6 civil proceedings.

7 7 Sec. 10. NEW SECTION. 504.118 EVIDENTIARY EFFECT OF COPY
7 8 OF FILED DOCUMENT.

7 9 A certificate from the secretary of state delivered with a
7 10 copy of a document filed by the secretary of state is
7 11 conclusive evidence that the original document is on file with
7 12 the secretary of state.

7 13 Sec. 11. NEW SECTION. 504.119 CERTIFICATE OF EXISTENCE.

7 14 1. Any person may apply to the secretary of state to
7 15 furnish a certificate of existence for a domestic or foreign
7 16 corporation.

7 17 2. The certificate of existence shall set forth all of the
7 18 following:

7 19 a. The domestic corporation's corporate name or the
7 20 foreign corporation's corporate name used in this state.

7 21 b. That the domestic corporation is duly incorporated
7 22 under the laws of this state, the date of its incorporation,
7 23 and the period of its duration if less than perpetual; or that
7 24 the foreign corporation is authorized to transact business in
7 25 this state.

7 26 c. That all fees have been paid.

7 27 d. That its most recent biennial report required by

7 28 section 504.1613 has been delivered to the secretary of state.
7 29 e. That articles of dissolution have not been filed.
7 30 f. Other facts of record in the office of the secretary of
7 31 state that may be requested by the applicant.
7 32 3. Subject to any qualification stated in the certificate,
7 33 a certificate of existence issued by the secretary of state
7 34 may be relied upon as conclusive evidence that the domestic or
7 35 foreign corporation is in good standing in this state.

8 1 Sec. 12. NEW SECTION. 504.120 PENALTY FOR SIGNING FALSE
8 2 DOCUMENT.

8 3 1. A person commits an offense by signing a document the
8 4 person knows is false in any material respect with intent that
8 5 the document be delivered to the secretary of state for
8 6 filing.

8 7 2. An offense under this section is a serious misdemeanor
8 8 punishable by a fine not to exceed one thousand dollars.

8 9 PART 3
8 10 SECRETARY OF STATE

8 11 Sec. 13. NEW SECTION. 504.131 POWERS.

8 12 The secretary of state has all powers reasonably necessary
8 13 to perform the duties required of the secretary of state's
8 14 office by this chapter.

8 15 PART 4
8 16 DEFINITIONS

8 17 Sec. 14. NEW SECTION. 504.141 CHAPTER DEFINITIONS.

8 18 As used in this chapter, unless the context otherwise
8 19 requires:

8 20 1. "Approved by the members" or "approval by the members"
8 21 means approved or ratified by the affirmative vote of a
8 22 majority of the votes represented and voting at a duly held
8 23 meeting at which a quorum is present which affirmative votes
8 24 also constitute a majority of the required quorum or by a
8 25 written ballot or written consent in conformity with this
8 26 chapter or by the affirmative vote, written ballot, or written
8 27 consent of such greater proportion, including the votes of all
8 28 the members of any class, unit, or grouping as may be provided
8 29 in the articles, bylaws, or this chapter for any specified
8 30 member action.

8 31 2. "Articles of incorporation" or "articles" includes
8 32 amended and restated articles of incorporation and articles of
8 33 merger.

8 34 3. "Board" or "board of directors" means the board of
8 35 directors of a corporation except that no person or group of
9 1 persons are the board of directors because of powers delegated
9 2 to that person or group pursuant to section 504.801.

9 3 4. "Bylaws" means the code or codes of rules other than
9 4 the articles adopted pursuant to this chapter for the
9 5 regulation or management of the affairs of a corporation
9 6 irrespective of the name or names by which such rules are
9 7 designated.

9 8 5. "Class" means a group of memberships which have the
9 9 same rights with respect to voting, dissolution, redemption,
9 10 and transfer. For purposes of this section, rights shall be
9 11 considered the same if they are determined by a formula
9 12 applied uniformly.

9 13 6. "Corporation" means a public benefit, mutual benefit,
9 14 or religious corporation.

9 15 7. "Delegates" means those persons elected or appointed to
9 16 vote in a representative assembly for the election of a
9 17 director or directors or on other matters.

9 18 8. "Deliver" or "delivery" means any method of delivery
9 19 used in conventional commercial practice, including delivery
9 20 in person, by mail, commercial delivery, and electronic
9 21 transmission.

9 22 9. "Directors" means individuals, designated in the
9 23 articles or bylaws or elected by the incorporators, and their
9 24 successors and individuals elected or appointed by any other
9 25 name or title to act as members of the board.

9 26 10. "Distribution" means the payment of a dividend or any
9 27 part of the income or profit of a corporation to its members,
9 28 directors, or officers.

9 29 11. "Domestic corporation" means a corporation.

9 30 12. "Effective date of notice" is defined in section
9 31 504.142.

9 32 13. "Electronic transmission" or "electronically
9 33 transmitted" means any process of communication not directly
9 34 involving the physical transfer of paper that is suitable for
9 35 the retention, retrieval, and reproduction of information by
10 1 the recipient.

10 2 14. "Employee" does not include an officer or director of
10 3 a corporation who is not otherwise employed by the

10 4 corporation.
10 5 15. "Entity" includes a corporation and foreign
10 6 corporation; business corporation and foreign business
10 7 corporation; limited liability company and foreign limited
10 8 liability company; profit and nonprofit unincorporated
10 9 association; corporation sole; business trust, estate,
10 10 partnership, trust, and two or more persons having a joint or
10 11 common economic interest; and state, the United States, and
10 12 foreign government.
10 13 16. "File", "filed", or "filing" means filed in the office
10 14 of the secretary of state.
10 15 17. "Foreign corporation" means a corporation organized
10 16 under laws other than the laws of this state which would be a
10 17 nonprofit corporation if formed under the laws of this state.
10 18 18. "Governmental subdivision" includes an authority,
10 19 county, district, and municipality.
10 20 19. "Includes" denotes a partial definition.
10 21 20. "Individual" includes the estate of an incompetent
10 22 individual.
10 23 21. "Means" denotes a complete definition.
10 24 22. "Member" means a person who on more than one occasion,
10 25 pursuant to the provisions of a corporation's articles or
10 26 bylaws, has a right to vote for the election of a director or
10 27 directors of a corporation, irrespective of how a member is
10 28 defined in the articles or bylaws of the corporation. A
10 29 person is not a member because of any of the following:
10 30 a. The person's rights as a delegate.
10 31 b. The person's rights to designate a director.
10 32 c. The person's rights as a director.
10 33 23. "Membership" refers to the rights and obligations a
10 34 member or members have pursuant to a corporation's articles,
10 35 bylaws, and this chapter.
11 1 24. "Mutual benefit corporation" means a domestic or
11 2 foreign corporation that is required to be a mutual benefit
11 3 corporation pursuant to section 504.1705.
11 4 25. "Notice" is defined in section 504.142.
11 5 26. "Person" includes any individual or entity.
11 6 27. "Principal office" means the office in or out of this
11 7 state so designated in the biennial report filed pursuant to
11 8 section 504.1613 where the principal offices of a domestic or
11 9 foreign corporation are located.
11 10 28. "Proceeding" includes a civil suit and criminal,
11 11 administrative, or investigatory actions.
11 12 29. "Public benefit corporation" means a domestic or
11 13 foreign corporation that is required to be a public benefit
11 14 corporation pursuant to section 504.1705.
11 15 30. "Record date" means the date established under
11 16 subchapter VI or VII on which a corporation determines the
11 17 identity of its members for the purposes of this subchapter.
11 18 31. "Religious corporation" means a domestic or foreign
11 19 corporation, that engages in religious activity as one of the
11 20 corporation's principal purposes.
11 21 32. "Secretary" means the corporate officer to whom the
11 22 board of directors has delegated responsibility under section
11 23 504.841, subsection 2, for custody of the minutes of the
11 24 directors' and members' meetings and for authenticating the
11 25 records of the corporation.
11 26 33. "Sign" or "signature" includes a manual, facsimile,
11 27 conformed, or electronic signature.
11 28 34. "State", when referring to a part of the United
11 29 States, includes a state and commonwealth and their agencies
11 30 and governmental subdivisions, and a territory and insular
11 31 possession and their agencies and governmental subdivisions of
11 32 the United States.
11 33 35. "United States" includes a district, authority,
11 34 bureau, commission, department, and any other agency of the
11 35 United States.
12 1 36. "Vote" includes authorization by written ballot and
12 2 written consent.
12 3 37. "Voting power" means the total number of votes
12 4 entitled to be cast for the election of directors at the time
12 5 the determination of voting power is made, excluding a vote
12 6 that is contingent upon the happening of a condition or event
12 7 that has not occurred at the time. When a class is entitled
12 8 to vote as a class for directors, the determination of voting
12 9 power of the class shall be based on the percentage of the
12 10 number of directors the class is entitled to elect out of the
12 11 total number of authorized directors.
12 12 Sec. 15. NEW SECTION. 504.142 NOTICE.
12 13 1. Notice under this chapter must be in writing unless
12 14 oral notice is reasonable under the circumstances. Notice by

12 15 electronic transmission is written notice.
12 16 2. Subject to subsection 1, notice may be communicated in
12 17 person, by mail, or other method of delivery; or by telephone,
12 18 voice mail, or other electronic means. If these forms of
12 19 personal notice are impracticable, notice may be communicated
12 20 by a newspaper of general circulation in the area where
12 21 published or by radio, television, or other form of public
12 22 broadcast communication.

12 23 3. Oral notice is effective when communicated if
12 24 communicated in a comprehensible manner.

12 25 4. Written notice by a domestic or foreign corporation to
12 26 its member, if in a comprehensible form, is effective
12 27 according to one of the following:

12 28 a. Upon deposit in the United States mail, if mailed
12 29 postpaid and correctly addressed to the member's address shown
12 30 in the corporation's current record of members.

12 31 b. When electronically transmitted to the shareholder in a
12 32 manner authorized by the shareholder.

12 33 5. Except as provided in subsection 4, written notice, if
12 34 in a comprehensible form, is effective at the earliest of the
12 35 following:

13 1 a. When received.

13 2 b. Five days after its deposit in the United States mail,
13 3 if mailed correctly addressed and with first-class postage
13 4 affixed.

13 5 c. On the date shown on the return receipt, if sent by
13 6 registered or certified mail, return receipt requested, and
13 7 the receipt is signed by or on behalf of the addressee.

13 8 d. Thirty days after its deposit in the United States
13 9 mail, if mailed correctly addressed and with other than first=
13 10 class, registered, or certified postage affixed.

13 11 6. Written notice is correctly addressed to a member of a
13 12 domestic or foreign corporation if addressed to the member's
13 13 address shown in the corporation's current list of members.

13 14 7. A written notice or report delivered as part of a
13 15 newsletter, magazine, or other publication regularly sent to
13 16 members shall constitute a written notice or report if
13 17 addressed or delivered to the member's address shown in the
13 18 corporation's current list of members, or in the case of
13 19 members who are residents of the same household and who have
13 20 the same address in the corporation's current list of members,
13 21 if addressed or delivered to one of such members, at the
13 22 address appearing on the current list of members.

13 23 8. Written notice is correctly addressed to a domestic or
13 24 foreign corporation authorized to transact business in this
13 25 state, other than in its capacity as a member, if addressed to
13 26 its registered agent or to its secretary at its principal
13 27 office shown in its most recent biennial report or, in the
13 28 case of a foreign corporation that has not yet delivered an
13 29 annual report, in its application for a certificate of
13 30 authority.

13 31 9. If section 504.705, subsection 2, or any other
13 32 provision of this chapter prescribes notice requirements for
13 33 particular circumstances, those requirements govern. If
13 34 articles or bylaws prescribe notice requirements not
13 35 inconsistent with this section or other provisions of this
14 1 chapter, those requirements govern.

14 2 PART 5

14 3 JUDICIAL RELIEF

14 4 Sec. 16. NEW SECTION. 504.151 JUDICIAL RELIEF.

14 5 1. If for any reason it is impractical or impossible for a
14 6 corporation to call or conduct a meeting of its members,
14 7 delegates, or directors, or otherwise obtain their consent, in
14 8 the manner prescribed by its articles, bylaws, or this
14 9 chapter, then upon petition of a director, officer, delegate,
14 10 member, or the attorney general, the district court may order
14 11 that such a meeting be called or that a written ballot or
14 12 other form of obtaining the vote of members, delegates, or
14 13 directors be authorized, in such a manner as the court finds
14 14 fair and equitable under the circumstances.

14 15 2. The court shall, in an order issued pursuant to this
14 16 section, provide for a method of notice reasonably designed to
14 17 give actual notice to all persons who would be entitled to
14 18 notice of a meeting held pursuant to the articles, bylaws, and
14 19 this chapter, whether or not the method results in actual
14 20 notice to all such persons or conforms to the notice
14 21 requirements that would otherwise apply. In a proceeding
14 22 under this section, the court may determine who the members or
14 23 directors are.

14 24 3. An order issued pursuant to this section may dispense
14 25 with any requirement relating to the holding of or voting at

14 26 meetings or obtaining votes, including any requirement as to
14 27 quorums or as to the number or percentage of votes needed for
14 28 approval, that would otherwise be imposed by the articles,
14 29 bylaws, or this chapter.

14 30 4. Whenever practical, an order issued pursuant to this
14 31 section shall limit the subject matter of meetings or other
14 32 forms of consent authorized to items, including amendments to
14 33 the articles or bylaws, the resolution of which will or may
14 34 enable the corporation to continue managing its affairs
14 35 without further resort to this section; provided, however,
15 1 that an order under this section may also authorize the
15 2 obtaining of whatever votes and approvals are necessary for
15 3 the dissolution, merger, or sale of assets.

15 4 5. A meeting or other method of obtaining the vote of
15 5 members, delegates, or directors conducted pursuant to an
15 6 order issued under this section, and which complies with all
15 7 the provisions of such order, is for all purposes a valid
15 8 meeting or vote, as the case may be, and shall have the same
15 9 force and effect as if it complied with every requirement
15 10 imposed by the articles, bylaws, and this chapter.

15 11 SUBCHAPTER II
15 12 ORGANIZATION

15 13 Sec. 17. NEW SECTION. 504.201 INCORPORATORS.

15 14 One or more persons may act as the incorporator or
15 15 incorporators of a corporation by delivering articles of
15 16 incorporation to the secretary of state for filing.

15 17 Sec. 18. NEW SECTION. 504.202 ARTICLES OF INCORPORATION.

15 18 1. The articles of incorporation shall set forth all of
15 19 the following:

15 20 a. A corporate name for the corporation that satisfies the
15 21 requirements of section 504.401.

15 22 b. The address of the corporation's initial registered
15 23 office and the name of its initial registered agent at that
15 24 office.

15 25 c. The name and address of each incorporator.

15 26 d. Whether the corporation will have members. A
15 27 corporation incorporated prior to January 1, 2005, may state
15 28 whether it will have members in either the articles of
15 29 incorporation or in the corporate bylaws.

15 30 e. For corporations incorporated after January 1, 2005,
15 31 provisions not inconsistent with law regarding the
15 32 distribution of assets on dissolution.

15 33 2. The articles of incorporation may set forth any of the
15 34 following:

15 35 a. The purpose for which the corporation is organized,
16 1 which may be, either alone or in combination with other
16 2 purposes, the transaction of any lawful activity.

16 3 b. The names and addresses of the individuals who are to
16 4 serve as the initial directors.

16 5 c. Provisions not inconsistent with law regarding all of
16 6 the following:

16 7 (1) Managing and regulating the affairs of the
16 8 corporation.

16 9 (2) Defining, limiting, and regulating the powers of the
16 10 corporation, its board of directors, and members, or any class
16 11 of members.

16 12 (3) The characteristics, qualifications, rights,
16 13 limitations, and obligations attaching to each or any class of
16 14 members.

16 15 d. A provision eliminating or limiting the liability of a
16 16 director to the corporation or its members for money damages
16 17 for any action taken, or any failure to take any action, as a
16 18 director, except liability for any of the following:

16 19 (1) The amount of a financial benefit received by a
16 20 director to which the director is not entitled.

16 21 (2) An intentional infliction of harm on the corporation
16 22 or its members.

16 23 (3) A violation of section 504.834.

16 24 (4) An intentional violation of criminal law.

16 25 A provision set forth in the articles of incorporation
16 26 pursuant to this paragraph shall not eliminate or limit the
16 27 liability of a director for an act or omission that occurs
16 28 prior to the date when the provision becomes effective. The
16 29 absence of a provision eliminating or limiting the liability
16 30 of a director pursuant to this paragraph shall not affect the
16 31 applicability of section 504.901.

16 32 e. A provision permitting or requiring a corporation to
16 33 indemnify a director for liability, as defined in section
16 34 504.851, subsection 5, to a person for any action taken, or
16 35 any failure to take any action, as a director except liability
17 1 for any of the following:

17 2 (1) Receipt of a financial benefit to which the person is
17 3 not entitled.

17 4 (2) Intentional infliction of harm on the corporation or
17 5 its members.

17 6 (3) A violation of section 504.834.

17 7 (4) Intentional violation of criminal law.

17 8 f. Any provision that under this chapter is required or
17 9 permitted to be set forth in the bylaws.

17 10 3. An incorporator named in the articles must sign the
17 11 articles.

17 12 4. The articles of incorporation need not set forth any of
17 13 the corporate powers enumerated in this chapter.

17 14 Sec. 19. NEW SECTION. 504.203 INCORPORATION.

17 15 1. Unless a delayed effective date is specified, the
17 16 corporate existence begins when the articles of incorporation
17 17 are filed.

17 18 2. The secretary of state's filing of the articles of
17 19 incorporation is conclusive proof that the incorporators
17 20 satisfied all conditions precedent to incorporation except in
17 21 a proceeding by the state to cancel or revoke the
17 22 incorporation or involuntarily dissolve the corporation.

17 23 Sec. 20. NEW SECTION. 504.204 LIABILITY FOR
17 24 PREINCORPORATION TRANSACTIONS.

17 25 All persons purporting to act as or on behalf of a
17 26 corporation, knowing there was no incorporation under this
17 27 chapter, are jointly and severally liable for all liabilities
17 28 created while so acting.

17 29 Sec. 21. NEW SECTION. 504.205 ORGANIZATION OF
17 30 CORPORATION.

17 31 1. After incorporation:

17 32 a. If initial directors are named in the articles of
17 33 incorporation, the initial directors shall hold an
17 34 organizational meeting, at the call of a majority of the
17 35 directors, to complete the organization of the corporation by
18 1 appointing officers, adopting bylaws, and carrying on any
18 2 other business brought before the meeting.

18 3 b. If initial directors are not named in the articles, the
18 4 incorporator or incorporators shall hold an organizational
18 5 meeting at the call of a majority of the incorporators to do
18 6 one of the following:

18 7 (1) Elect directors and complete the organization of the
18 8 corporation.

18 9 (2) Elect a board of directors who shall complete the
18 10 organization of the corporation.

18 11 2. Action required or permitted by this chapter to be
18 12 taken by incorporators at an organizational meeting may be
18 13 taken without a meeting if the action taken is evidenced by
18 14 one or more written consents describing the action taken and
18 15 signed by each incorporator.

18 16 3. An organizational meeting may be held in or out of this
18 17 state in accordance with section 504.821.

18 18 Sec. 22. NEW SECTION. 504.206 BYLAWS.

18 19 1. The incorporators or board of directors of a
18 20 corporation shall adopt bylaws for the corporation.

18 21 2. The bylaws may contain any provision for regulating and
18 22 managing the affairs of the corporation that is not
18 23 inconsistent with law or the articles of incorporation.

18 24 Sec. 23. NEW SECTION. 504.207 EMERGENCY BYLAWS AND
18 25 POWERS.

18 26 1. Unless the articles provide otherwise the directors of
18 27 a corporation may adopt, amend, or repeal bylaws to be
18 28 effective only in an emergency as described in subsection 4.
18 29 The emergency bylaws, which are subject to amendment or repeal
18 30 by the members, may provide special procedures necessary for
18 31 managing the corporation during the emergency, including all
18 32 of the following:

18 33 a. How to call a meeting of the board.

18 34 b. Quorum requirements for the meeting.

18 35 c. Designation of additional or substitute directors.

19 1 2. All provisions of the regular bylaws consistent with
19 2 the emergency bylaws remain effective during the emergency.
19 3 The emergency bylaws are not effective after the emergency
19 4 ends.

19 5 3. Corporate action taken in good faith in accordance with
19 6 the emergency bylaws does both of the following:

19 7 a. Binds the corporation.

19 8 b. Shall not be used to impose liability on a corporate
19 9 director, officer, employee, or agent.

19 10 4. An emergency exists for purposes of this section if a
19 11 quorum of the corporation's directors cannot readily be
19 12 assembled because of some catastrophic event.

19 13 SUBCHAPTER III

19 14 PURPOSES AND POWERS

19 15 Sec. 24. NEW SECTION. 504.301 PURPOSES.

19 16 1. Every corporation incorporated under this chapter has
19 17 the purpose of engaging in any lawful activity unless a more
19 18 limited purpose is set forth in the articles of incorporation.

19 19 2. A corporation engaging in an activity that is subject
19 20 to regulation under another statute of this state may
19 21 incorporate under this chapter only if incorporation under
19 22 this chapter is not prohibited by the other statute. The
19 23 corporation shall be subject to all limitations of the other
19 24 statute.

19 25 Sec. 25. NEW SECTION. 504.302 GENERAL POWERS.

19 26 Unless its articles of incorporation provide otherwise,
19 27 every corporation has perpetual duration and succession in its
19 28 corporate name and has the same powers as an individual to do
19 29 all things necessary or convenient to carry out its affairs,
19 30 including without limitation all of the following powers:

19 31 1. Sue and be sued, complain, and defend in its corporate
19 32 name.

19 33 2. Have a corporate seal, which may be altered at will,
19 34 and to use it, or a facsimile of it, by impressing, affixing,
19 35 or in any other manner reproducing it.

20 1 3. Make and amend bylaws not inconsistent with its
20 2 articles of incorporation or with the laws of this state, for
20 3 regulating and managing the affairs of the corporation.

20 4 4. Purchase, receive, lease, or otherwise acquire, and
20 5 own, hold, improve, use, and otherwise deal with real or
20 6 personal property, or any legal or equitable interest in
20 7 property, wherever located.

20 8 5. Sell, convey, mortgage, pledge, lease, exchange, and
20 9 otherwise dispose of all or any part of its property.

20 10 6. Purchase, receive, subscribe for, or otherwise acquire,
20 11 own, hold, vote, use, sell, mortgage, lend, pledge, or
20 12 otherwise dispose of, and deal in and with, shares or other
20 13 interests in, or obligations of, any entity.

20 14 7. Make contracts and guarantees, incur liabilities,
20 15 borrow money, issue notes, bonds, and other obligations, and
20 16 secure any of its obligations by mortgage or pledge of any of
20 17 its property, franchises, or income.

20 18 8. Lend money, invest and reinvest its funds, and receive
20 19 and hold real and personal property as security for repayment,
20 20 except as limited by section 504.833.

20 21 9. Be a promoter, partner, member, associate, or manager
20 22 of any partnership, joint venture, trust, or other entity.

20 23 10. Conduct its activities, locate offices, and exercise
20 24 the powers granted by this chapter in or out of this state.

20 25 11. Elect or appoint directors, officers, employees, and
20 26 agents of the corporation, define their duties, and fix their
20 27 compensation.

20 28 12. Pay pensions and establish pension plans, pension
20 29 trusts, and other benefit and incentive plans for any or all
20 30 of its current or former directors, officers, employees, and
20 31 agents.

20 32 13. Make donations not inconsistent with law for the
20 33 public welfare or for charitable, religious, scientific, or
20 34 educational purposes and for other purposes that further the
20 35 corporate interest.

21 1 14. Impose dues, assessments, and admission and transfer
21 2 fees upon its members.

21 3 15. Establish conditions for admission of members, admit
21 4 members, and issue memberships.

21 5 16. Carry on a business.

21 6 17. Do all things necessary or convenient, not
21 7 inconsistent with law, to further the activities and affairs
21 8 of the corporation.

21 9 Sec. 26. NEW SECTION. 504.303 EMERGENCY POWERS.

21 10 1. In anticipation of or during an emergency as described
21 11 in subsection 4, the board of directors of a corporation may
21 12 do both of the following:

21 13 a. Modify lines of succession to accommodate the
21 14 incapacity of any director, officer, employee, or agent.

21 15 b. Relocate the principal office, designate alternative
21 16 principal offices or regional offices, or authorize an officer
21 17 to do so.

21 18 2. During an emergency described in subsection 4, unless
21 19 emergency bylaws provide otherwise, all of the following shall
21 20 apply:

21 21 a. Notice of a meeting of the board of directors need be
21 22 given only to those directors whom it is practicable to reach
21 23 and such notice may be given in any practicable manner,

21 24 including by publication and radio.
21 25 b. One or more officers of the corporation present at a
21 26 meeting of the board of directors may be deemed to be
21 27 directors for the meeting, in order of rank and within the
21 28 same rank in order of seniority, as necessary to achieve a
21 29 quorum.

21 30 3. Corporate action taken in good faith during an
21 31 emergency under this section to further the ordinary affairs
21 32 of the corporation does both of the following:

21 33 a. Binds the corporation.

21 34 b. Shall not be used to impose liability on a corporate
21 35 director, officer, employee, or agent.

22 1 4. An emergency exists for purposes of this section if a
22 2 quorum of the corporation's directors cannot readily be
22 3 assembled because of some catastrophic event.

22 4 Sec. 27. NEW SECTION. 504.304 ULTRA VIRES.

22 5 1. Except as provided in subsection 2, the validity of
22 6 corporate action may not be challenged on the ground that the
22 7 corporation lacks or lacked power to act.

22 8 2. A corporation's power to act may be challenged in a
22 9 proceeding against the corporation to enjoin an act when a
22 10 third party has not acquired rights. The proceeding may be
22 11 brought by the attorney general, a director, or by a member or
22 12 members in a derivative proceeding.

22 13 3. A corporation's power to act may be challenged in a
22 14 proceeding against an incumbent or former director, officer,
22 15 employee, or agent of the corporation. The proceeding may be
22 16 brought by a director, the corporation, directly,
22 17 derivatively, or through a receiver, a trustee or other legal
22 18 representative, or in the case of a public benefit
22 19 corporation, by the attorney general.

22 20 SUBCHAPTER IV

22 21 NAMES

22 22 Sec. 28. NEW SECTION. 504.401 CORPORATE NAME.

22 23 1. A corporate name shall not contain language stating or
22 24 implying that the corporation is organized for a purpose other
22 25 than that permitted by section 504.301 and its articles of
22 26 incorporation.

22 27 2. Except as authorized by subsections 3 and 4, a
22 28 corporate name must be distinguishable upon the records of the
22 29 secretary of state from:

22 30 a. The corporate name of any other nonprofit or business
22 31 corporation incorporated or authorized to do business in this
22 32 state.

22 33 b. A corporate name reserved or registered under section
22 34 490.402, 490.403, 504.402, or 504.403.

22 35 c. The fictitious name of a foreign business or nonprofit
23 1 corporation authorized to transact business in this state
23 2 because its real name is unavailable.

23 3 3. A corporation may apply to the secretary of state for
23 4 authorization to use a name that is not distinguishable upon
23 5 the secretary of state's records from one or more of the names
23 6 described in subsection 2. The secretary of state shall
23 7 authorize use of the name applied for if either of the
23 8 following applies:

23 9 a. The other corporation consents to the use of the name
23 10 in writing and submits an undertaking in a form satisfactory
23 11 to the secretary of state to change its name to a name that is
23 12 distinguishable upon the records of the secretary of state
23 13 from the name of the applying corporation.

23 14 b. The applicant delivers to the secretary of state a
23 15 certified copy of a final judgment from a court of competent
23 16 jurisdiction establishing the applicant's right to use the
23 17 name applied for in this state.

23 18 4. A corporation may use the name, including the
23 19 fictitious name, of another domestic or foreign business or
23 20 nonprofit corporation that is being used in this state if the
23 21 other corporation is incorporated or authorized to do business
23 22 in this state and the proposed user corporation submits
23 23 documentation to the satisfaction of the secretary of state
23 24 establishing any of the following conditions:

23 25 a. The user corporation has merged with the other
23 26 corporation.

23 27 b. The user corporation has been formed by reorganization
23 28 of the other corporation.

23 29 c. The user corporation has acquired all or substantially
23 30 all of the assets, including the corporate name, of the other
23 31 corporation.

23 32 5. This subchapter does not control the use of fictitious
23 33 names; however, if a corporation or a foreign corporation uses
23 34 a fictitious name in this state it shall deliver to the

23 35 secretary of state for filing a copy of the resolution of its
24 1 board of directors, certified by its secretary, adopting the
24 2 fictitious name.

24 3 Sec. 29. NEW SECTION. 504.402 RESERVED NAME.

24 4 1. A person may reserve the exclusive use of a corporate
24 5 name, including a fictitious name for a foreign corporation
24 6 whose corporate name is not available by delivering an
24 7 application to the secretary of state for filing. Upon
24 8 finding that the corporate name applied for is available, the
24 9 secretary of state shall reserve the name for the applicant's
24 10 exclusive use for a nonrenewable one hundred twenty=day
24 11 period.

24 12 2. The owner of a reserved corporate name may transfer the
24 13 reservation to another person by delivering to the secretary
24 14 of state a signed notice of the transfer that states the name
24 15 and address of the transferee.

24 16 Sec. 30. NEW SECTION. 504.403 REGISTERED NAME.

24 17 1. A foreign corporation may register its corporate name,
24 18 or its corporate name with any change required by section
24 19 504.1506, if the name is distinguishable upon the records of
24 20 the secretary of state from both of the following:

24 21 a. The corporate name of a nonprofit or business
24 22 corporation incorporated or authorized to do business in this
24 23 state.

24 24 b. A corporate name reserved under section 490.402,
24 25 490.403, or 504.402, or registered under this section.

24 26 2. A foreign corporation shall register its corporate
24 27 name, or its corporate name with any change required by
24 28 section 504.1506, by delivering to the secretary of state an
24 29 application that does both of the following:

24 30 a. Sets forth its corporate name, or its corporate name
24 31 with any change required by section 504.1506, the state or
24 32 country and date of its incorporation, and a brief description
24 33 of the nature of the activities in which it is engaged.

24 34 b. Is accompanied by a certificate of existence, or a
24 35 document of similar import, from the state or country of
25 1 incorporation.

25 2 3. The name is registered for the applicant's exclusive
25 3 use upon the effective date of the application.

25 4 4. A foreign corporation whose registration is effective
25 5 may renew it for successive years by delivering to the
25 6 secretary of state for filing a renewal application which
25 7 complies with the requirements of subsection 2, between
25 8 October 1 and December 31 of the preceding year. The renewal
25 9 application renews the registration for the following calendar
25 10 year.

25 11 5. A foreign corporation whose registration is effective
25 12 may thereafter qualify as a foreign corporation under that
25 13 name or consent in writing to the use of that name by a
25 14 corporation thereafter incorporated under this chapter or by
25 15 another foreign corporation thereafter authorized to transact
25 16 business in this state. The registration terminates when the
25 17 domestic corporation is incorporated or the foreign
25 18 corporation qualifies or consents to the qualification of
25 19 another foreign corporation under the registered name.

25 20 SUBCHAPTER V
25 21 OFFICE AND AGENT

25 22 Sec. 31. NEW SECTION. 504.501 REGISTERED OFFICE AND
25 23 REGISTERED AGENT.

25 24 A corporation shall continuously maintain both of the
25 25 following in this state:

25 26 1. A registered office with the same address as that of
25 27 the registered agent.

25 28 2. A registered agent, who may be any of the following:

25 29 a. An individual who resides in this state and whose
25 30 business office is identical with the registered office.

25 31 b. A domestic business or nonprofit corporation whose
25 32 business office is identical to the registered office.

25 33 c. A foreign business or nonprofit corporation authorized
25 34 to transact business in this state whose business office is
25 35 identical to the registered office.

26 1 Sec. 32. NEW SECTION. 504.502 CHANGE OF REGISTERED
26 2 OFFICE OR REGISTERED AGENT.

26 3 1. A corporation may change its registered office or
26 4 registered agent by delivering to the secretary of state for
26 5 filing a statement of change that sets forth all of the
26 6 following:

26 7 a. The name of the corporation.

26 8 b. If the current registered office is to be changed, the
26 9 address of the new registered office.

26 10 c. If the current registered agent is to be changed, the

26 11 name of the new registered agent and the new agent's written
26 12 consent, either on the statement or attached to it, to the
26 13 change.

26 14 d. That after the change or changes are made, the
26 15 addresses of its registered office and the office of its
26 16 registered agent will be identical.

26 17 2. If the address of a registered agent's business office
26 18 is changed, the registered agent may change the address of the
26 19 registered office of any corporation for which the registered
26 20 agent is the registered agent by notifying the corporation in
26 21 writing of the change and by signing, either manually or in
26 22 facsimile, and delivering to the secretary of state for
26 23 filing, a statement that complies with the requirements of
26 24 subsection 1 and recites that the corporation has been
26 25 notified of the change.

26 26 3. If a registered agent changes the registered agent's
26 27 business address to another place, the registered agent may
26 28 change the address of the registered office of any corporation
26 29 for which the registered agent is the registered agent by
26 30 filing a statement as required in subsection 2 for each
26 31 corporation, or by filing a single statement for all
26 32 corporations named in the notice, except that it need be
26 33 signed, either manually or in facsimile, only once by the
26 34 registered agent and must recite that a copy of the statement
26 35 has been mailed to each corporation named in the notice.

27 1 Sec. 33. NEW SECTION. 504.503 RESIGNATION OF REGISTERED
27 2 AGENT.

27 3 1. A registered agent may resign as registered agent by
27 4 signing and delivering to the secretary of state for filing a
27 5 signed original statement of resignation. The statement may
27 6 include a statement that the registered office is also
27 7 discontinued.

27 8 The registered agent shall send a copy of the statement of
27 9 resignation by certified mail to the corporation at its
27 10 principal office and to the registered office, if not
27 11 discontinued. The registered agent shall certify to the
27 12 secretary of state that copies have been sent to the
27 13 corporation, including the date the copies were sent.

27 14 2. The agency appointment is terminated, and the
27 15 registered office discontinued if so provided, on the date the
27 16 statement was filed.

27 17 Sec. 34. NEW SECTION. 504.504 SERVICE ON CORPORATION.

27 18 1. A corporation's registered agent is the corporation's
27 19 agent for service of process, notice, or demand required or
27 20 permitted by law to be served on the corporation.

27 21 2. If a corporation has no registered agent, or the agent
27 22 cannot with reasonable diligence be served, the corporation
27 23 may be served by registered or certified mail, return receipt
27 24 requested, addressed to the secretary of the corporation at
27 25 its principal office shown in the most recent biennial report
27 26 filed pursuant to section 504.1613. Service is perfected
27 27 under this subsection on the earliest of any of the following:

27 28 a. The date the corporation receives the mail.

27 29 b. The date shown on the return receipt, if signed on
27 30 behalf of the corporation.

27 31 c. Five days after its deposit in the United States mail,
27 32 if mailed and correctly addressed with first class postage
27 33 affixed.

27 34 3. This section does not prescribe the only means, or
27 35 necessarily the required means, of serving a corporation. A
28 1 corporation may also be served in any other manner permitted
28 2 by law.

28 3 SUBCHAPTER VI
28 4 MEMBERS AND MEMBERSHIPS
28 5 PART 1

28 6 ADMISSION OF MEMBERS

28 7 Sec. 35. NEW SECTION. 504.601 ADMISSION.

28 8 1. The articles or bylaws may establish criteria or
28 9 procedures for admission of members.

28 10 2. A person shall not be admitted as a member without the
28 11 person's consent or affirmative action evidencing consent.

28 12 Sec. 36. NEW SECTION. 504.602 CONSIDERATION.

28 13 Except as provided in its articles or bylaws, a corporation
28 14 may admit members for no consideration or for such
28 15 consideration as is determined by the board.

28 16 Sec. 37. NEW SECTION. 504.603 NO REQUIREMENT OF MEMBERS.

28 17 A corporation is not required to have members.

28 18 PART 2

28 19 TYPES OF MEMBERSHIPS == MEMBERS' RIGHTS AND OBLIGATIONS

28 20 Sec. 38. NEW SECTION. 504.611 DIFFERENCES IN RIGHTS AND

28 21 OBLIGATIONS OF MEMBERS.

28 22 All members shall have the same rights and obligations with
28 23 respect to voting, dissolution, redemption, and transfer,
28 24 unless the articles or bylaws establish classes of membership
28 25 with different rights or obligations. All members shall have
28 26 the same rights and obligations with respect to any other
28 27 matters, except as set forth in or authorized by the articles
28 28 or bylaws. A person that does not meet the qualifications for
28 29 a member under section 504.141, subsection 22, and is
28 30 identified as a member in the articles or bylaws of the
28 31 corporation shall have only those rights set forth for such a
28 32 member in the articles or bylaws of the corporation.

28 33 Sec. 39. NEW SECTION. 504.612 TRANSFERS.

28 34 1. Except as set forth in or authorized by the articles or
28 35 bylaws, a member of a mutual benefit corporation shall not
29 1 transfer a membership or any right arising therefrom.

29 2 2. A member of a public benefit or religious corporation
29 3 shall not transfer a membership or any right arising
29 4 therefrom.

29 5 3. Where transfer rights have been provided, a restriction
29 6 on them shall not be binding with respect to a member holding
29 7 a membership issued prior to the adoption of the restriction
29 8 unless the restriction is approved by the members and the
29 9 affected member.

29 10 Sec. 40. NEW SECTION. 504.613 MEMBER'S LIABILITY TO
29 11 THIRD PARTIES.

29 12 A member of a corporation is not, as such, personally
29 13 liable for the acts, debts, liabilities, or obligations of the
29 14 corporation.

29 15 Sec. 41. NEW SECTION. 504.614 MEMBER'S LIABILITY FOR
29 16 DUES, ASSESSMENTS, AND FEES.

29 17 A member may become liable to the corporation for dues,
29 18 assessments, or fees. However, an article or bylaw provision
29 19 or a resolution adopted by the board authorizing or imposing
29 20 dues, assessments, or fees does not, of itself, create
29 21 liability.

29 22 Sec. 42. NEW SECTION. 504.615 CREDITOR'S ACTION AGAINST
29 23 MEMBER.

29 24 1. A proceeding shall not be brought by a creditor to
29 25 reach the liability, if any, of a member to the corporation
29 26 unless final judgment has been rendered in favor of the
29 27 creditor against the corporation and execution has been
29 28 returned unsatisfied in whole or in part or unless such
29 29 proceeding would be useless.

29 30 2. All creditors of the corporation, with or without
29 31 reducing their claims to judgment, may intervene in any
29 32 creditor's proceeding brought under subsection 1 to reach and
29 33 apply unpaid amounts due the corporation. Any or all members
29 34 who owe amounts to the corporation may be joined in such
29 35 proceeding.

30 1 PART 3
30 2 RESIGNATION AND TERMINATION

30 3 Sec. 43. NEW SECTION. 504.621 RESIGNATION.

30 4 1. A member may resign at any time.

30 5 2. The resignation of a member does not relieve the member
30 6 from any obligations the member may have to the corporation as
30 7 a result of obligations incurred or commitments made prior to
30 8 resignation.

30 9 Sec. 44. NEW SECTION. 504.622 TERMINATION, EXPULSION, OR
30 10 SUSPENSION.

30 11 1. A member of a public benefit or mutual benefit
30 12 corporation shall not be expelled or suspended, and a
30 13 membership or memberships in such a corporation shall not be
30 14 terminated or suspended except pursuant to a procedure which
30 15 is fair and reasonable and is carried out in good faith.

30 16 2. A procedure is fair and reasonable when either of the
30 17 following occurs:

30 18 a. The articles or bylaws set forth a procedure which
30 19 provides both of the following:

30 20 (1) Not less than fifteen days' prior written notice of
30 21 the expulsion, suspension, or termination and the reasons
30 22 therefor.

30 23 (2) An opportunity for the member to be heard, orally or
30 24 in writing, not less than five days before the effective date
30 25 of the expulsion, suspension, or termination by a person or
30 26 persons authorized to decide that the proposed expulsion,
30 27 termination, or suspension not take place.

30 28 b. The procedure requires consideration of all relevant
30 29 facts and circumstances surrounding the expulsion, suspension,
30 30 or termination by a person or persons authorized to make a
30 31 decision regarding the proposed expulsion, termination, or
30 32 suspension.

30 33 3. Any written notice given by mail pursuant to this
30 34 section must be given by first class or certified mail sent to
30 35 the last address of the member shown on the corporation's
31 1 records.

31 2 4. A proceeding challenging an expulsion, suspension, or
31 3 termination, including a proceeding alleging defective notice,
31 4 must be commenced within one year after the effective date of
31 5 the expulsion, suspension, or termination.

31 6 5. A member who has been expelled or suspended may be
31 7 liable to the corporation for dues, assessments, or fees as a
31 8 result of obligations incurred or commitments made prior to
31 9 expulsion or suspension.

31 10 Sec. 45. NEW SECTION. 504.623 PURCHASE OF MEMBERSHIPS.

31 11 1. A public benefit or religious corporation shall not
31 12 purchase any of its memberships or any right arising
31 13 therefrom.

31 14 2. A mutual benefit corporation may purchase the
31 15 membership of a member who resigns or whose membership is
31 16 terminated for the amount and pursuant to the conditions set
31 17 forth in or authorized by its articles or bylaws. A payment
31 18 shall not be made in violation of subchapter 13.

31 19 PART 4

31 20 DERIVATIVE PROCEEDINGS

31 21 Sec. 46. NEW SECTION. 504.631 DERIVATIVE PROCEEDINGS ==
31 22 DEFINITION.

31 23 In this part, unless the context otherwise requires,
31 24 "derivative proceeding" means a civil suit in the right of a
31 25 domestic corporation or, to the extent provided in section
31 26 504.638, in the right of a foreign corporation.

31 27 Sec. 47. NEW SECTION. 504.632 STANDING.

31 28 A derivative proceeding may be brought by any of the
31 29 following persons:

31 30 1. A member or members of the corporation representing
31 31 five percent or more of the voting power of the corporation or
31 32 by fifty members, whichever is less.

31 33 2. A director of the corporation.

31 34 Sec. 48. NEW SECTION. 504.633 DEMAND.

31 35 A derivative proceeding shall not be commenced until both
32 1 of the following have occurred:

32 2 1. A written demand has been made upon the corporation to
32 3 take suitable action.

32 4 2. Ninety days have expired from the date the demand was
32 5 made, unless the member or director has earlier been notified
32 6 that the demand has been rejected by the corporation or unless
32 7 irreparable injury to the corporation would result by waiting
32 8 for the expiration of the ninety-day period.

32 9 Sec. 49. NEW SECTION. 504.634 STAY OF PROCEEDINGS.

32 10 If a corporation commences an inquiry into the allegations
32 11 made in a demand or complaint, the court may stay any
32 12 derivative proceeding for a period of time as the court deems
32 13 appropriate.

32 14 Sec. 50. NEW SECTION. 504.635 DISMISSAL.

32 15 1. A derivative proceeding shall be dismissed by the court
32 16 on motion by the corporation if one of the groups specified in
32 17 subsection 2 or 6 has determined in good faith after
32 18 conducting a reasonable inquiry upon which its conclusions are
32 19 based that the maintenance of the derivative proceeding is not
32 20 in the best interests of the corporation. A corporation
32 21 moving to dismiss on this basis shall submit in support of the
32 22 motion a short and concise statement of the reasons for its
32 23 determination.

32 24 2. Unless a panel is appointed pursuant to subsection 6,
32 25 the determination in subsection 1 shall be made by one of the
32 26 following:

32 27 a. A majority vote of independent directors present at a
32 28 meeting of the board of directors if the independent directors
32 29 constitute a quorum.

32 30 b. A majority vote of a committee consisting of two or
32 31 more independent directors appointed by majority vote of
32 32 independent directors present at a meeting of the board of
32 33 directors, whether or not such independent directors
32 34 constitute a quorum.

32 35 3. None of the following shall by itself cause a director
33 1 to be considered not independent for purposes of this section:

33 2 a. The nomination or election of the director by persons
33 3 who are defendants in the derivative proceeding or against
33 4 whom action is demanded.

33 5 b. The naming of the director as a defendant in the
33 6 derivative proceeding or as a person against whom action is
33 7 demanded.

33 8 c. The approval by the director of the act being

33 9 challenged in the derivative proceeding or demand if the act
33 10 resulted in no personal benefit to the director.

33 11 4. If a derivative proceeding is commenced after a
33 12 determination has been made rejecting a demand by a member or
33 13 director, the complaint shall allege with particularity facts
33 14 establishing one of the following:

33 15 a. That a majority of the board of directors did not
33 16 consist of independent directors at the time the determination
33 17 was made.

33 18 b. That the requirements of subsection 1 have not been
33 19 met.

33 20 All discovery and other proceedings shall be stayed during
33 21 the pendency of any motion to dismiss unless the court finds
33 22 upon the motion of any party that particularized discovery is
33 23 necessary to preserve evidence or prevent undue prejudice to
33 24 that party.

33 25 5. If a majority of the board of directors does not
33 26 consist of independent directors at the time the determination
33 27 is made, the corporation shall have the burden of proving that
33 28 the requirements of subsection 1 have been met. If a majority
33 29 of the board of directors consists of independent directors at
33 30 the time the determination is made, the plaintiff shall have
33 31 the burden of proving that the requirements of subsection 1
33 32 have not been met.

33 33 6. The court may appoint a panel of one or more
33 34 independent persons upon motion by the corporation to make a
33 35 determination whether the maintenance of the derivative
34 1 proceeding is in the best interests of the corporation. In
34 2 such case, the plaintiff shall have the burden of proving that
34 3 the requirements of subsection 1 have not been met.

34 4 Sec. 51. NEW SECTION. 504.636 DISCONTINUANCE OR
34 5 SETTLEMENT.

34 6 A derivative proceeding shall not be discontinued or
34 7 settled without the court's approval. If the court determines
34 8 that a proposed discontinuance or settlement will
34 9 substantially affect the interests of a corporation's member
34 10 or class of members or director, the court shall direct that
34 11 notice be given to the members or director affected.

34 12 Sec. 52. NEW SECTION. 504.637 PAYMENT OF EXPENSES.

34 13 On termination of a derivative proceeding, the court may do
34 14 either of the following:

34 15 1. Order the corporation to pay the plaintiff's reasonable
34 16 expenses, including attorney fees incurred in the proceeding,
34 17 if it finds that the proceeding has resulted in a substantial
34 18 benefit to the corporation.

34 19 2. Order the plaintiff to pay any defendant's reasonable
34 20 expenses, including attorney fees incurred in defending the
34 21 proceeding, if it finds that the proceeding was commenced or
34 22 maintained without reasonable cause or for an improper
34 23 purpose.

34 24 Sec. 53. NEW SECTION. 504.638 APPLICABILITY TO FOREIGN
34 25 CORPORATIONS.

34 26 In any derivative proceeding in the right of a foreign
34 27 corporation, the matters covered by this part shall be
34 28 governed by the laws of the jurisdiction of incorporation of
34 29 the foreign corporation except that sections 504.634, 504.636,
34 30 and 504.637 shall apply.

34 31 PART 5
34 32 DELEGATES

34 33 Sec. 54. NEW SECTION. 504.641 DELEGATES.

34 34 1. A corporation may provide in its articles or bylaws for
34 35 delegates having some or all of the authority of members.

35 1 2. The articles or bylaws may set forth provisions
35 2 relating to all of the following:

35 3 a. The characteristics, qualifications, rights,
35 4 limitations, and obligations of delegates including their
35 5 selection and removal.

35 6 b. Calling, noticing, holding, and conducting meetings of
35 7 delegates.

35 8 c. Carrying on corporate activities during and between
35 9 meetings of delegates.

35 10 SUBCHAPTER VII
35 11 MEMBERS' MEETINGS AND VOTING

35 12 PART 1

35 13 MEETINGS AND ACTION WITHOUT MEETINGS

35 14 Sec. 55. NEW SECTION. 504.701 ANNUAL AND REGULAR
35 15 MEETINGS.

35 16 1. A corporation with members shall hold a membership
35 17 meeting annually at a time stated in or fixed in accordance
35 18 with the bylaws.

35 19 2. A corporation with members may hold regular membership

35 20 meetings at the times stated in or fixed in accordance with
35 21 the bylaws.

35 22 3. Annual or regular membership meetings may be held in or
35 23 out of this state at the place stated in or fixed in
35 24 accordance with the bylaws. If a place is not stated in or
35 25 fixed in accordance with the bylaws, annual and regular
35 26 meetings shall be held at the corporation's principal office.

35 27 4. At the annual meeting all of the following shall occur:

35 28 a. The president and chief financial officer shall report
35 29 on the activities and financial condition of the corporation.

35 30 b. The members shall consider and act upon such other
35 31 matters as may be raised consistent with the notice
35 32 requirements of sections 504.705 and 504.713, subsection 4.

35 33 5. At regular meetings, the members shall consider and act
35 34 upon such matters as may be raised consistent with the notice
35 35 requirements of sections 504.705 and 504.713, subsection 4.

36 1 6. The failure to hold an annual or regular meeting at a
36 2 time stated in or fixed in accordance with a corporation's
36 3 bylaws does not affect the validity of any corporate action.

36 4 Sec. 56. NEW SECTION. 504.702 SPECIAL MEETING.

36 5 1. A corporation with members shall hold a special meeting
36 6 of members when either of the following occurs:

36 7 a. At the call of its board or the person or persons
36 8 authorized to do so by the corporation's articles or bylaws.

36 9 b. Except as provided in the articles or bylaws of a
36 10 religious corporation, if the holders of at least five percent
36 11 of the voting power of any corporation sign, date, and deliver
36 12 to any corporate officer one or more written demands for the
36 13 meeting describing the purpose for which it is to be held.

36 14 Unless otherwise provided in the articles of incorporation, a
36 15 written demand for a special meeting may be revoked by a
36 16 writing to that effect received by the corporation prior to
36 17 the receipt by the corporation of demands sufficient in number
36 18 to require the holding of a special meeting.

36 19 2. The close of business on the thirtieth day before
36 20 delivery of the demand for a special meeting to any corporate
36 21 officer is the record date for the purpose of determining
36 22 whether the five percent requirement of subsection 1,
36 23 paragraph "b", has been met.

36 24 3. If a notice for a special meeting demanded under
36 25 subsection 1, paragraph "b", is not given pursuant to section
36 26 504.705 within thirty days after the date the written demand
36 27 or demands are delivered to a corporate officer, regardless of
36 28 the requirements of subsection 4, a person signing the demand
36 29 may set the time and place of the meeting and give notice
36 30 pursuant to section 504.705.

36 31 4. Special meetings of members may be held in or out of
36 32 this state at a place stated in or fixed in accordance with
36 33 the bylaws. If a place is not stated or fixed in accordance
36 34 with the bylaws, special meetings shall be held at the
36 35 corporation's principal office.

37 1 5. Only those matters that are within the purpose
37 2 described in the meeting notice required by section 504.705
37 3 may be considered at a special meeting of members.

37 4 Sec. 57. NEW SECTION. 504.703 COURT-ORDERED MEETING.

37 5 1. The district court of the county where a corporation's
37 6 principal office is located or, if none is located in this
37 7 state, where its registered office is located, may summarily
37 8 order a meeting to be held when any of the following occurs:

37 9 a. On application of any member or other person entitled
37 10 to participate in an annual or regular meeting of the
37 11 corporation, if an annual meeting was not held within the
37 12 earlier of six months after the end of the corporation's
37 13 fiscal year or fifteen months after its last annual meeting.

37 14 b. On application of any member or other person entitled
37 15 to participate in a regular meeting of the corporation, if a
37 16 regular meeting was not held within forty days after the date
37 17 it was required to be held.

37 18 c. On application of a member who signed a demand for a
37 19 special meeting valid under section 504.702, or a person
37 20 entitled to call a special meeting, if any of the following
37 21 applies:

37 22 (1) The notice of the special meeting was not given within
37 23 thirty days after the date the demand was delivered to a
37 24 corporate officer.

37 25 (2) The special meeting was not held in accordance with
37 26 the notice.

37 27 2. The court may fix the time and place of the meeting,
37 28 specify a record date for determining members entitled to
37 29 notice of and to vote at the meeting, prescribe the form and
37 30 content of the meeting notice, fix the quorum required for

37 31 specific matters to be considered at the meeting or direct
37 32 that the votes represented at the meeting constitute a quorum
37 33 for action on those matters, and enter other orders necessary
37 34 to accomplish the purpose of the meeting.

37 35 3. If the court orders a meeting, it may also order the
38 1 corporation to pay the member's costs, including reasonable
38 2 attorney fees, incurred to obtain the order.

38 3 Sec. 58. NEW SECTION. 504.704 ACTION BY WRITTEN CONSENT.

38 4 1. Unless limited or prohibited by the articles or bylaws
38 5 of the corporation, action required or permitted by this
38 6 subchapter to be approved by the members of a corporation may
38 7 be approved without a meeting of members if the action is
38 8 approved by members holding at least eighty percent of the
38 9 voting power. The action must be evidenced by one or more
38 10 written consents describing the action taken, signed by those
38 11 members representing at least eighty percent of the voting
38 12 power, and delivered to the corporation for inclusion in the
38 13 minutes or filing with the corporate records. A written
38 14 consent may be revoked by a writing to that effect received by
38 15 the corporation prior to the receipt by the corporation of
38 16 unrevoked written consents sufficient in number to take
38 17 corporation action.

38 18 2. If not otherwise determined under section 504.703 or
38 19 504.707, the record date for determining members entitled to
38 20 take action without a meeting is the date the first member
38 21 signs the consent under subsection 1.

38 22 3. A consent signed under this section has the effect of a
38 23 meeting vote and may be described as such in any document
38 24 filed with the secretary of state.

38 25 4. Written notice of member approval pursuant to this
38 26 section shall be given to all members who have not signed the
38 27 written consent. If written notice is required, member
38 28 approval pursuant to this section shall be effective ten days
38 29 after such written notice is given.

38 30 Sec. 59. NEW SECTION. 504.705 NOTICE OF MEETING.

38 31 1. A corporation shall give notice consistent with its
38 32 bylaws of meetings of members in a fair and reasonable manner.

38 33 2. Any notice which conforms to the requirements of
38 34 subsection 3 is fair and reasonable, but other means of giving
38 35 notice may also be fair and reasonable when all the
39 1 circumstances are considered. However, notice of matters
39 2 referred to in subsection 3, paragraph "b", must be given as
39 3 provided in subsection 3.

39 4 3. Notice is fair and reasonable if all of the following
39 5 occur:

39 6 a. The corporation notifies its members of the place,
39 7 date, and time of each annual, regular, and special meeting of
39 8 members not more than sixty days and not less than ten days,
39 9 or if notice is mailed by other than first class or registered
39 10 mail, not less than thirty days, before the date of the
39 11 meeting.

39 12 b. The notice of an annual or regular meeting includes a
39 13 description of any matter or matters which must be considered
39 14 for approval by the members under sections 504.833, 504.857,
39 15 504.1003, 504.1022, 504.1104, 504.1202, 504.1401, and
39 16 504.1402.

39 17 c. The notice of a special meeting includes a description
39 18 of the purpose for which the meeting is called.

39 19 4. Unless the bylaws require otherwise, if an annual,
39 20 regular, or special meeting of members is adjourned to a
39 21 different date, time, or place, notice need not be given of
39 22 the new date, time, or place, if the new date, time, or place
39 23 is announced at the meeting before adjournment. If a new
39 24 record date for the adjourned meeting is or must be fixed
39 25 under section 504.707, however, notice of the adjourned
39 26 meeting must be given under this section to the members of
39 27 record as of the new record date.

39 28 5. When giving notice of an annual, regular, or special
39 29 meeting of members, a corporation shall give notice of a
39 30 matter a member intends to raise at the meeting if requested
39 31 in writing to do so by a person entitled to call a special
39 32 meeting and if the request is received by the secretary or
39 33 president of the corporation at least ten days before the
39 34 corporation gives notice of the meeting.

39 35 Sec. 60. NEW SECTION. 504.706 WAIVER OF NOTICE.

40 1 1. A member may waive any notice required by this
40 2 subchapter, the articles, or bylaws before or after the date
40 3 and time stated in the notice. The waiver must be in writing,
40 4 be signed by the member entitled to the notice, and be
40 5 delivered to the corporation for inclusion in the minutes or
40 6 filing with the corporate records.

40 7 2. A member's attendance at a meeting does all of the
40 8 following:
40 9 a. Waives objection to lack of notice or defective notice
40 10 of the meeting, unless the member at the beginning of the
40 11 meeting objects to holding the meeting or transacting business
40 12 at the meeting.
40 13 b. Waives objection to consideration of a particular
40 14 matter at the meeting that is not within the purpose described
40 15 in the meeting notice, unless the member objects to
40 16 considering the matter when it is presented.

40 17 Sec. 61. NEW SECTION. 504.707 RECORD DATE == DETERMINING
40 18 MEMBERS ENTITLED TO NOTICE AND VOTE.
40 19 1. The bylaws of a corporation may fix or provide the
40 20 manner of fixing a date as the record date for determining the
40 21 members entitled to notice of a members' meeting. If the
40 22 bylaws do not fix or provide for fixing such a record date,
40 23 the board may fix a future date as such a record date. If a
40 24 record date is not fixed, members at the close of business on
40 25 the business day preceding the day on which notice is given,
40 26 or if notice is waived, at the close of business on the
40 27 business day preceding the day on which the meeting is held
40 28 are entitled to notice of the meeting.
40 29 2. The bylaws of a corporation may fix or provide the
40 30 manner of fixing a date as the record date for determining the
40 31 members entitled to vote at a members' meeting. If the bylaws
40 32 do not fix or provide for fixing such a record date, the board
40 33 may fix a future date as such a record date. If a record date
40 34 is not fixed, members on the date of the meeting who are
40 35 otherwise eligible to vote are entitled to vote at the
41 1 meeting.
41 2 3. The bylaws may fix or provide the manner for
41 3 determining a date as the record date for the purpose of
41 4 determining the members entitled to exercise any rights in
41 5 respect of any other lawful action. If the bylaws do not fix
41 6 or provide for fixing such a record date, the board may fix in
41 7 advance such a record date. If a record date is not fixed,
41 8 members at the close of business on the day on which the board
41 9 adopts the resolution relating thereto, or the sixtieth day
41 10 prior to the date of such other action, whichever is later,
41 11 are entitled to exercise such rights.
41 12 4. A record date fixed under this section shall not be
41 13 more than seventy days before the meeting or action requiring
41 14 a determination of members occurs.
41 15 5. A determination of members entitled to notice of or to
41 16 vote at a membership meeting is effective for any adjournment
41 17 of the meeting unless the board fixes a new date for
41 18 determining the right to notice or the right to vote, which it
41 19 must do if the meeting is adjourned to a date more than
41 20 seventy days after the record date for determining members
41 21 entitled to notice of the original meeting.
41 22 6. If a court orders a meeting adjourned to a date more
41 23 than one hundred twenty days after the date fixed for the
41 24 original meeting, it may provide that the original record date
41 25 for notice or voting continues in effect or it may fix a new
41 26 record date for notice or voting.

41 27 Sec. 62. NEW SECTION. 504.708 ACTION BY WRITTEN BALLOT.
41 28 1. Unless prohibited or limited by the articles or bylaws,
41 29 any action which may be taken at any annual, regular, or
41 30 special meeting of members may be taken without a meeting if
41 31 the corporation delivers a written ballot to every member
41 32 entitled to vote on the matter.
41 33 2. A written ballot shall do both of the following:
41 34 a. Set forth each proposed action.
41 35 b. Provide an opportunity to vote for or against each
42 1 proposed action.
42 2 3. Approval by written ballot pursuant to this section
42 3 shall be valid only when the number of votes cast by ballot
42 4 equals or exceeds the quorum required to be present at a
42 5 meeting authorizing the action, and the number of approvals
42 6 equals or exceeds the number of votes that would be required
42 7 to approve the matter at a meeting at which the total number
42 8 of votes cast was the same as the number of votes cast by
42 9 ballot.
42 10 4. All solicitations for votes by written ballot shall do
42 11 all of the following:
42 12 a. Indicate the number of responses needed to meet the
42 13 quorum requirements.
42 14 b. State the percentage of approvals necessary to approve
42 15 each matter other than election of directors.
42 16 c. Specify the time by which a ballot must be received by
42 17 the corporation in order to be counted.

42 18 5. Except as otherwise provided in the articles or bylaws,
42 19 a written ballot shall not be revoked.
42 20 6. Unless prohibited by the articles or bylaws, a written
42 21 ballot may be delivered and a vote may be cast on that ballot
42 22 by electronic transmission. An electronic transmission of a
42 23 written ballot shall contain or be accompanied by information
42 24 indicating that a member, a member's agent, or a member's
42 25 attorney authorized the electronic transmission of the ballot.

42 26 PART 2
42 27 VOTING

42 28 Sec. 63. NEW SECTION. 504.711 MEMBERS' LIST FOR MEETING.

42 29 1. After fixing a record date for a notice of a meeting, a
42 30 corporation shall prepare an alphabetical list of the names of
42 31 all its members who are entitled to notice of the meeting.
42 32 The list must show the address of each member and number of
42 33 votes each member is entitled to cast at the meeting. The
42 34 corporation shall prepare on a current basis through the time
42 35 of the membership meeting a list of members, if any, who are
43 1 entitled to vote at the meeting, but not entitled to notice of
43 2 the meeting. This list shall be prepared on the same basis as
43 3 and be part of the list of members.

43 4 2. Except as set forth in section 504.1602, subsection 6,
43 5 the list of members must be available for inspection by any
43 6 member for the purpose of communication with other members
43 7 concerning the meeting, beginning two business days after
43 8 notice is given of the meeting for which the list was prepared
43 9 and continuing through the meeting, at the corporation's
43 10 principal office or at a reasonable place identified in the
43 11 meeting notice in the city where the meeting will be held.
43 12 Except as set forth in section 504.1602, subsection 6, a
43 13 member, a member's agent, or a member's attorney is entitled
43 14 on written demand to inspect and, subject to the limitations
43 15 of section 504.1602, subsection 3, and section 504.1605, to
43 16 copy the list, at a reasonable time and at the member's
43 17 expense, during the period it is available for inspection.

43 18 3. Except as set forth in section 504.1602, subsection 6,
43 19 a corporation shall make the list of members available at the
43 20 meeting, and any member, a member's agent, or a member's
43 21 attorney is entitled to inspect the list at any time during
43 22 the meeting or any adjournment.

43 23 4. Except as set forth in section 504.1602, subsection 6,
43 24 if a corporation refuses to allow a member, a member's agent,
43 25 or a member's attorney to inspect the list of members before
43 26 or at the meeting or copy the list as permitted by subsection
43 27 2, the district court of the county where a corporation's
43 28 principal office is located or, if none is located in this
43 29 state, where its registered office is located, on application
43 30 of the member, may summarily order the inspection or copying
43 31 of the membership list at the corporation's expense, may
43 32 postpone the meeting for which the list was prepared until the
43 33 inspection or copying is complete, and may order the
43 34 corporation to pay the member's costs, including reasonable
43 35 attorney fees incurred to obtain the order.

44 1 5. Unless a written demand to inspect and copy a
44 2 membership list has been made under subsection 2 prior to the
44 3 membership meeting and a corporation improperly refuses to
44 4 comply with the demand, refusal or failure to comply with this
44 5 section does not affect the validity of action taken at the
44 6 meeting.

44 7 6. The articles or bylaws of a religious corporation may
44 8 limit or abolish the rights of a member under this section to
44 9 inspect and copy any corporate record.

44 10 Sec. 64. NEW SECTION. 504.712 VOTING ENTITLEMENT
44 11 GENERALLY.

44 12 1. The right of the members of a corporation, or any class
44 13 or classes of members, to vote may be limited, enlarged, or
44 14 denied to the extent specified in the articles of
44 15 incorporation or, if the articles of incorporation so provide,
44 16 by the bylaws. Unless so limited, enlarged, or denied, each
44 17 member, regardless of class, shall be entitled to one vote on
44 18 each matter submitted to a vote of members.

44 19 2. Unless the articles or bylaws provide otherwise, if a
44 20 membership stands of record in the names of two or more
44 21 persons, the persons' acts with respect to voting shall have
44 22 the following effect:

44 23 a. If only one votes, such act binds all.

44 24 b. If more than one votes, the vote shall be divided on a
44 25 pro rata basis.

44 26 Sec. 65. NEW SECTION. 504.713 QUORUM REQUIREMENTS.

44 27 1. Unless this subchapter, or the articles or bylaws of a
44 28 corporation provide for a higher or lower quorum, ten percent

44 29 of the votes entitled to be cast on a matter must be
44 30 represented at a meeting of members to constitute a quorum on
44 31 that matter.

44 32 2. A bylaw amendment to decrease the quorum for any member
44 33 action may be approved by the members or, unless prohibited by
44 34 the bylaws, by the board.

44 35 3. A bylaw amendment to increase the quorum required for
45 1 any member action must be approved by the members.

45 2 4. Unless one-third or more of the voting power is present
45 3 in person or by proxy, the only matters that may be voted upon
45 4 at an annual or regular meeting of members are those matters
45 5 that are described in the meeting notice.

45 6 Sec. 66. NEW SECTION. 504.714 VOTING REQUIREMENTS.

45 7 1. Unless this subchapter, or the articles or bylaws of a
45 8 corporation require a greater vote or voting by class, if a
45 9 quorum is present, the affirmative vote of the votes
45 10 represented and voting, which affirmative votes also
45 11 constitute a majority of the required quorum, is the act of
45 12 the members.

45 13 2. A bylaw amendment to increase or decrease the vote
45 14 required for any member action must be approved by the
45 15 members.

45 16 Sec. 67. NEW SECTION. 504.715 PROXIES.

45 17 1. Unless the articles or bylaws of a corporation prohibit
45 18 or limit proxy voting, a member or the member's agent or
45 19 attorney in fact may appoint a proxy to vote or otherwise act
45 20 for the member by signing an appointment form or by an
45 21 electronic transmission. An electronic transmission must
45 22 contain or be accompanied by information from which it can be
45 23 determined that the member, the member's agent, or the
45 24 member's attorney in fact authorized the electronic
45 25 transmission.

45 26 2. An appointment of a proxy is effective when a signed
45 27 appointment form or an electronic transmission of an
45 28 appointment form is received by the secretary or other officer
45 29 or agent authorized to tabulate votes. An appointment is
45 30 valid for eleven months unless a different period is expressly
45 31 provided for in the appointment. However, a proxy shall not
45 32 be valid for more than three years from its date of execution.

45 33 3. An appointment of a proxy is revocable by the member.

45 34 4. The death or incapacity of the member appointing a
45 35 proxy does not affect the right of the corporation to accept
46 1 the proxy's authority unless notice of the death or incapacity
46 2 is received by the secretary or other officer or agent
46 3 authorized to tabulate votes before the proxy exercises
46 4 authority under the appointment.

46 5 5. Appointment of a proxy is revoked by the person
46 6 appointing the proxy if either of the following occurs:

46 7 a. The person appointing the proxy attends any meeting and
46 8 votes in person.

46 9 b. The person appointing the proxy signs and delivers or
46 10 sends through electronic transmission to the secretary or
46 11 other officer or agent authorized to tabulate proxy votes
46 12 either a writing or electronic transmission stating that the
46 13 appointment of the proxy is revoked or a subsequent
46 14 appointment form.

46 15 6. Subject to section 504.718 and any express limitation
46 16 on the proxy's authority appearing on the face of the
46 17 appointment form, a corporation is entitled to accept the
46 18 proxy's vote or other action as that of the member making the
46 19 appointment.

46 20 Sec. 68. NEW SECTION. 504.716 CUMULATIVE VOTING FOR
46 21 DIRECTORS.

46 22 1. If the articles or bylaws of a corporation provide for
46 23 cumulative voting by members, members may so vote, by
46 24 multiplying the number of votes the members are entitled to
46 25 cast by the number of directors for whom they are entitled to
46 26 vote, and casting the product for a single candidate or
46 27 distributing the product among two or more candidates.

46 28 2. A director elected by cumulative voting may be removed
46 29 by the members without cause if the requirements of section
46 30 504.808 are met unless the votes cast against removal, or not
46 31 consenting in writing to such removal, would be sufficient to
46 32 elect such director if voted cumulatively at an election at
46 33 which the same total number of votes were cast or, if such
46 34 action is taken by written ballot, all memberships entitled to
46 35 vote were voted, and the entire number of directors authorized
47 1 at the time of the director's most recent election were then
47 2 being elected.

47 3 3. Members shall not cumulatively vote if the directors
47 4 and members are identical.

47 5 Sec. 69. NEW SECTION. 504.717 OTHER METHODS OF ELECTING
47 6 DIRECTORS.

47 7 A corporation may provide in its articles or bylaws for
47 8 election of directors by members or delegates on the basis of
47 9 chapter or other organizational unit, by region or other
47 10 geographic unit, by preferential voting, or by any other
47 11 reasonable method.

47 12 Sec. 70. NEW SECTION. 504.718 CORPORATION'S ACCEPTANCE
47 13 OF VOTES.

47 14 1. If the name signed on a vote, consent, waiver, or proxy
47 15 appointment corresponds to the name of a member, the
47 16 corporation if acting in good faith is entitled to accept the
47 17 vote, consent, waiver, or proxy appointment and give it effect
47 18 as the act of the member.

47 19 2. If the name signed on a vote, consent, waiver, or proxy
47 20 appointment does not correspond to the record name of a
47 21 member, the corporation if acting in good faith is
47 22 nevertheless entitled to accept the vote, consent, waiver, or
47 23 proxy appointment and give it effect as the act of the member
47 24 if any of the following is applicable:

47 25 a. The member is an entity and the name signed purports to
47 26 be that of an officer or agent of the entity.

47 27 b. The name signed purports to be that of an attorney in
47 28 fact of the member and if the corporation requests, evidence
47 29 acceptable to the corporation of the signatory's authority to
47 30 sign for the member has been presented with respect to the
47 31 vote, consent, waiver, or proxy appointment.

47 32 c. Two or more persons hold the membership as cotenants or
47 33 fiduciaries and the name signed purports to be the name of at
47 34 least one of the coholders and the person signing appears to
47 35 be acting on behalf of all the coholders.

48 1 d. In the case of a mutual benefit corporation:

48 2 (1) The name signed purports to be that of an
48 3 administrator, executor, guardian, or conservator representing
48 4 the member and, if the corporation requests, evidence of
48 5 fiduciary status acceptable to the corporation has been
48 6 presented with respect to the vote, consent, waiver, or proxy
48 7 appointment.

48 8 (2) The name signed purports to be that of a receiver or
48 9 trustee in bankruptcy of the member, and, if the corporation
48 10 requests, evidence of this status acceptable to the
48 11 corporation has been presented with respect to the vote,
48 12 consent, waiver, or proxy appointment.

48 13 3. The corporation is entitled to reject a vote, consent,
48 14 waiver, or proxy appointment if the secretary or other officer
48 15 or agent authorized to tabulate votes, acting in good faith,
48 16 has reasonable basis for doubt about the validity of the
48 17 signature on it or about the signatory's authority to sign for
48 18 the member.

48 19 4. The corporation and its officer or agent who accepts or
48 20 rejects a vote, consent, waiver, or proxy appointment in good
48 21 faith and in accordance with the standards of this section are
48 22 not liable in damages to the member for the consequences of
48 23 the acceptance or rejection.

48 24 5. Corporate action based on the acceptance or rejection
48 25 of a vote, consent, waiver, or proxy appointment under this
48 26 section is valid unless a court of competent jurisdiction
48 27 determines otherwise.

48 28 PART 3
48 29 VOTING AGREEMENTS

48 30 Sec. 71. NEW SECTION. 504.721 VOTING AGREEMENTS.

48 31 1. Two or more members of a corporation may provide for
48 32 the manner in which they will vote by signing an agreement for
48 33 that purpose. For public benefit corporations, such
48 34 agreements must have a reasonable purpose not inconsistent
48 35 with the corporation's public or charitable purposes.

49 1 2. A voting agreement created under this section is
49 2 specifically enforceable.

49 3 SUBCHAPTER VIII
49 4 DIRECTORS AND OFFICERS

49 5 PART 1
49 6 BOARD OF DIRECTORS

49 7 Sec. 72. NEW SECTION. 504.801 REQUIREMENT FOR AND DUTIES
49 8 OF BOARD.

49 9 1. Each corporation must have a board of directors.

49 10 2. Except as otherwise provided in this subchapter or
49 11 subsection 3, all corporate powers shall be exercised by or
49 12 under the authority of, and the affairs of the corporation
49 13 managed under the direction of, its board.

49 14 3. The articles of incorporation may authorize a person or
49 15 persons to exercise some or all of the powers which would

49 16 otherwise be exercised by a board. To the extent so
49 17 authorized, any such person or persons shall have the duties
49 18 and responsibilities of the directors, and the directors shall
49 19 be relieved to that extent from such duties and
49 20 responsibilities.

49 21 Sec. 73. NEW SECTION. 504.802 QUALIFICATIONS OF
49 22 DIRECTORS.

49 23 All directors of a corporation must be individuals. The
49 24 articles or bylaws may prescribe other qualifications for
49 25 directors.

49 26 Sec. 74. NEW SECTION. 504.803 NUMBER OF DIRECTORS.

49 27 1. The board of directors of a corporation must consist of
49 28 one or more individuals, with the number specified in or fixed
49 29 in accordance with the articles or bylaws.

49 30 2. The number of directors may be increased or decreased
49 31 from time to time by amendment to or in the manner prescribed
49 32 in the articles or bylaws.

49 33 Sec. 75. NEW SECTION. 504.804 ELECTION, DESIGNATION, AND
49 34 APPOINTMENT OF DIRECTORS.

49 35 1. If the corporation has members, all the directors,
50 1 except the initial directors, shall be elected at the first
50 2 annual meeting of members, and at each annual meeting
50 3 thereafter, unless the articles or bylaws provide some other
50 4 time or method of election, or provide that some of the
50 5 directors are appointed by some other person or designated.

50 6 2. If a corporation does not have members, all the
50 7 directors, except the initial directors, shall be elected,
50 8 appointed, or designated as provided in the articles or
50 9 bylaws. If no method of designation or appointment is set
50 10 forth in the articles or bylaws, the directors other than the
50 11 initial directors shall be elected by the board.

50 12 Sec. 76. NEW SECTION. 504.805 TERMS OF DIRECTORS
50 13 GENERALLY.

50 14 1. The articles or bylaws of a corporation must specify
50 15 the terms of directors. Except for designated or appointed
50 16 directors, and except as otherwise provided in the articles or
50 17 bylaws, the terms of directors shall not exceed five years.
50 18 In the absence of any term specified in the articles or
50 19 bylaws, the term of each director shall be one year.
50 20 Directors may be elected for successive terms.

50 21 2. A decrease in the number or term of directors does not
50 22 shorten an incumbent director's term.

50 23 3. Except as provided in the articles or bylaws, both of
50 24 the following apply:

50 25 a. The term of a director filling a vacancy in the office
50 26 of a director elected by members expires at the next election
50 27 of directors by members.

50 28 b. The term of a director filling any other vacancy
50 29 expires at the end of the unexpired term which such director
50 30 is filling.

50 31 4. Despite the expiration of a director's term, the
50 32 director continues to serve until the director's successor is
50 33 elected, designated, or appointed, and qualifies, or until
50 34 there is a decrease in the number of directors.

50 35 Sec. 77. NEW SECTION. 504.806 STAGGERED TERMS FOR
51 1 DIRECTORS.

51 2 The articles or bylaws of a corporation may provide for
51 3 staggering the terms of directors by dividing the total number
51 4 of directors into groups. The terms of the several groups
51 5 need not be uniform.

51 6 Sec. 78. NEW SECTION. 504.807 RESIGNATION OF DIRECTORS.

51 7 1. A director of a corporation may resign at any time by
51 8 delivering written notice to the board of directors, its
51 9 presiding officer, or the president or secretary.

51 10 2. A resignation is effective when the notice is effective
51 11 unless the notice specifies a later effective date. If a
51 12 resignation is made effective at a later date, the board may
51 13 fill the pending vacancy before the effective date if the
51 14 board provides that the successor does not take office until
51 15 the effective date.

51 16 Sec. 79. NEW SECTION. 504.808 REMOVAL OF DIRECTORS
51 17 ELECTED BY MEMBERS OR DIRECTORS.

51 18 1. The members of a corporation may remove one or more
51 19 directors elected by the members without cause.

51 20 2. If a director is elected by a class, chapter, or other
51 21 organizational unit or by region or other geographic grouping,
51 22 the director may be removed only by the members of that class,
51 23 chapter, unit, or grouping.

51 24 3. Except as provided in subsection 9, a director may be
51 25 removed under subsection 1 or 2 only if the number of votes
51 26 cast to remove the director would be sufficient to elect the

51 27 director at a meeting to elect directors.

51 28 4. If cumulative voting is authorized, a director shall
51 29 not be removed if the number of votes, or if the director was
51 30 elected by a class, chapter, unit, or grouping of members, the
51 31 number of votes of that class, chapter, unit, or grouping,
51 32 sufficient to elect the director under cumulative voting, is
51 33 voted against the director's removal.

51 34 5. A director elected by members may be removed by the
51 35 members only at a meeting called for the purpose of removing
52 1 the director and the meeting notice must state that the
52 2 purpose, or one of the purposes, of the meeting is the removal
52 3 of the director.

52 4 6. For the purpose of computing whether a director is
52 5 protected from removal under subsections 2 through 4, it
52 6 should be assumed that the votes against removal are cast in
52 7 an election for the number of directors of the group to which
52 8 the director to be removed belonged on the date of that
52 9 director's election.

52 10 7. An entire board of directors may be removed under
52 11 subsections 1 through 5.

52 12 8. A director elected by the board may be removed without
52 13 cause by the vote of two-thirds of the directors then in
52 14 office or such greater number as is set forth in the articles
52 15 or bylaws. However, a director elected by the board to fill
52 16 the vacancy of a director elected by the members may be
52 17 removed without cause by the members, but not by the board.

52 18 9. If at the beginning of a director's term on the board
52 19 the articles or bylaws provide that a director may be removed
52 20 for missing a specified number of board meetings, the board
52 21 may remove the director for failing to attend the specified
52 22 number of meetings. The director may be removed only if a
52 23 majority of the directors then in office votes for the
52 24 removal.

52 25 10. The articles or bylaws of a religious corporation may
52 26 do both of the following:

52 27 a. Limit the application of this section.

52 28 b. Set forth the vote and procedures by which the board or
52 29 any person may remove with or without cause a director elected
52 30 by the members or the board.

52 31 Sec. 80. NEW SECTION. 504.809 REMOVAL OF DESIGNATED OR
52 32 APPOINTED DIRECTORS.

52 33 1. A designated director of a corporation may be removed
52 34 by an amendment to the articles or bylaws deleting or changing
52 35 the designation.

53 1 2. a. Except as otherwise provided in the articles or
53 2 bylaws, an appointed director may be removed without cause by
53 3 the person appointing the director.

53 4 b. The person removing the appointed director shall do so
53 5 by giving written notice of the removal to the director and
53 6 either the presiding officer of the board or the corporation's
53 7 president or secretary.

53 8 c. A removal of an appointed director is effective when
53 9 the notice is effective unless the notice specifies a future
53 10 effective date.

53 11 Sec. 81. NEW SECTION. 504.810 REMOVAL OF DIRECTORS BY
53 12 JUDICIAL PROCEEDING.

53 13 1. The district court of the county where a corporation's
53 14 principal office is located or if there is no principal office
53 15 located in this state, where the registered office is located,
53 16 may remove a director of the corporation from office in a
53 17 proceeding commenced by or in the right of the corporation by
53 18 a member or director if the court finds both of the following
53 19 apply:

53 20 a. A director engaged in fraudulent conduct with respect
53 21 to the corporation or its members grossly abused the position
53 22 of director, or intentionally inflicted harm on the
53 23 corporation.

53 24 b. Upon consideration of the director's course of conduct
53 25 and the inadequacy of other available remedies, the court
53 26 determines that removal is in the best interest of the
53 27 corporation.

53 28 2. A member or a director who proceeds by or in the right
53 29 of a corporation pursuant to subsection 1 shall comply with
53 30 all of the requirements of section 504.631 and sections
53 31 504.633 through 504.638.

53 32 3. The court, in addition to removing a director, may bar
53 33 the director from serving on the board for a period of time
53 34 prescribed by the court.

53 35 4. This section does not limit the equitable powers of the
54 1 court to order other relief that the court determines is
54 2 appropriate.

54 3 5. The articles or bylaws of a religious corporation may
54 4 limit or prohibit the application of this section.
54 5 Sec. 82. NEW SECTION. 504.811 VACANCY ON BOARD.
54 6 1. Unless the articles or bylaws of a corporation provide
54 7 otherwise, and except as provided in subsections 2 and 3, if a
54 8 vacancy occurs on the board of directors, including a vacancy
54 9 resulting from an increase in the number of directors, any of
54 10 the following may occur:
54 11 a. The members, if any, may fill the vacancy. If the
54 12 vacant office was held by a director elected by a class,
54 13 chapter, or other organizational unit or by region or other
54 14 geographic grouping, only members of the class, chapter, unit,
54 15 or grouping are entitled to vote to fill the vacancy if it is
54 16 filled by the members.
54 17 b. The board of directors may fill the vacancy.
54 18 c. If the directors remaining in office constitute fewer
54 19 than a quorum of the board, they may fill the vacancy by the
54 20 affirmative vote of a majority of all the directors remaining
54 21 in office.
54 22 2. Unless the articles or bylaws provide otherwise, if a
54 23 vacant office was held by an appointed director, only the
54 24 person who appointed the director may fill the vacancy.
54 25 3. If a vacant office was held by a designated director,
54 26 the vacancy shall be filled as provided in the articles or
54 27 bylaws. In the absence of an applicable article or bylaw
54 28 provision, the vacancy shall be filled by the board.
54 29 4. A vacancy that will occur at a specific later date by
54 30 reason of a resignation effective at a later date under
54 31 section 504.807, subsection 2, or otherwise, may be filled
54 32 before the vacancy occurs, but the new director shall not take
54 33 office until the vacancy occurs.
54 34 Sec. 83. NEW SECTION. 504.812 COMPENSATION OF DIRECTORS.
54 35 Unless the articles or bylaws of a corporation provide
55 1 otherwise, a board of directors may fix the compensation of
55 2 directors.

55 3 PART 2

55 4 MEETINGS AND ACTION OF THE BOARD

55 5 Sec. 84. NEW SECTION. 504.821 REGULAR AND SPECIAL
55 6 MEETINGS.

55 7 1. If the time and place of a directors' meeting is fixed
55 8 by the bylaws or the board, the meeting is a regular meeting.
55 9 All other meetings are special meetings.

55 10 2. A board of directors may hold regular or special
55 11 meetings in or out of this state.

55 12 3. Unless the articles or bylaws provide otherwise, a
55 13 board may permit any or all directors to participate in a
55 14 regular or special meeting by, or conduct the meeting through
55 15 the use of, any means of communication by which all directors
55 16 participating may simultaneously hear each other during the
55 17 meeting. A director participating in a meeting by this means
55 18 is deemed to be present in person at the meeting.

55 19 Sec. 85. NEW SECTION. 504.822 ACTION WITHOUT MEETING.

55 20 1. Except to the extent the articles or bylaws of a
55 21 corporation require that action by the board of directors be
55 22 taken at a meeting, action required or permitted by this
55 23 subchapter to be taken by the board of directors may be taken
55 24 without a meeting if each director signs a consent describing
55 25 the action to be taken, and delivers it to the corporation.

55 26 2. Action taken under this section is the act of the board
55 27 of directors when one or more consents signed by all the
55 28 directors are delivered to the corporation. The consent may
55 29 specify the time at which the action taken is to be effective.
55 30 A director's consent may be withdrawn by revocation signed by
55 31 the director and delivered to the corporation prior to the
55 32 delivery to the corporation of unrevoked written consents
55 33 signed by all of the directors.

55 34 3. A consent signed under this section has the effect of
55 35 action taken at a meeting of the board of directors and may be
56 1 described as such in any document.

56 2 Sec. 86. NEW SECTION. 504.823 CALL AND NOTICE OF
56 3 MEETINGS.

56 4 1. Unless the articles or bylaws of a corporation, or
56 5 subsection 3, provide otherwise, regular meetings of the board
56 6 may be held without notice.

56 7 2. Unless the articles, bylaws, or subsection 3 provide
56 8 otherwise, special meetings of the board must be preceded by
56 9 at least two days' notice to each director of the date, time,
56 10 and place, but not the purpose, of the meeting.

56 11 3. In corporations without members, any board action to
56 12 remove a director or to approve a matter which would require
56 13 approval by the members if the corporation had members shall

56 14 not be valid unless each director is given at least seven
56 15 days' written notice that the matter will be voted upon at a
56 16 directors' meeting or unless notice is waived pursuant to
56 17 section 504.824.

56 18 4. Unless the articles or bylaws provide otherwise, the
56 19 presiding officer of the board, the president, or twenty
56 20 percent of the directors then in office may call and give
56 21 notice of a meeting of the board.

56 22 Sec. 87. NEW SECTION. 504.824 WAIVER OF NOTICE.

56 23 1. A director may at any time waive any notice required by
56 24 this subchapter, the articles, or bylaws. Except as provided
56 25 in subsection 2, the waiver must be in writing, signed by the
56 26 director entitled to the notice, and filed with the minutes or
56 27 the corporate records.

56 28 2. A director's attendance at or participation in a
56 29 meeting waives any required notice of the meeting unless the
56 30 director, upon arriving at the meeting or prior to the vote on
56 31 a matter not noticed in conformity with this subchapter, the
56 32 articles, or bylaws, objects to lack of notice and does not
56 33 thereafter vote for or assent to the objected-to action.

56 34 Sec. 88. NEW SECTION. 504.825 QUORUM AND VOTING.

56 35 1. Except as otherwise provided in this subchapter, or the
57 1 articles or bylaws of a corporation, a quorum of a board of
57 2 directors consists of a majority of the directors in office
57 3 immediately before a meeting begins. The articles or bylaws
57 4 shall not authorize a quorum of fewer than one-third of the
57 5 number of directors in office.

57 6 2. If a quorum is present when a vote is taken, the
57 7 affirmative vote of a majority of directors present is the act
57 8 of the board unless this subchapter, the articles, or bylaws
57 9 require the vote of a greater number of directors.

57 10 Sec. 89. NEW SECTION. 504.826 COMMITTEES OF THE BOARD.

57 11 1. Unless prohibited or limited by the articles or bylaws
57 12 of a corporation, the board of directors may create one or
57 13 more committees of the board and appoint members of the board
57 14 to serve on them. Each committee shall have two or more
57 15 directors, who serve at the pleasure of the board.

57 16 2. The creation of a committee and appointment of members
57 17 to it must be approved by the greater of either of the
57 18 following:

57 19 a. A majority of all the directors in office when the
57 20 action is taken.

57 21 b. The number of directors required by the articles or
57 22 bylaws to take action under section 504.825.

57 23 3. Sections 504.821 through 504.825, which govern
57 24 meetings, action without meetings, notice and waiver of
57 25 notice, and quorum and voting requirements of the board, apply
57 26 to committees of the board and their members as well.

57 27 4. To the extent specified by the board of directors or in
57 28 the articles or bylaws, each committee of the board may
57 29 exercise the board's authority under section 504.801.

57 30 5. A committee of the board shall not, however, do any of
57 31 the following:

57 32 a. Authorize distributions.

57 33 b. Approve or recommend to members dissolution, merger, or
57 34 the sale, pledge, or transfer of all or substantially all of
57 35 the corporation's assets.

58 1 c. Elect, appoint, or remove directors or fill vacancies
58 2 on the board or on any of its committees.

58 3 d. Adopt, amend, or repeal the articles or bylaws.

58 4 6. The creation of, delegation of authority to, or action
58 5 by a committee does not alone constitute compliance by a
58 6 director with the standards of conduct described in section
58 7 504.831.

58 8 PART 3

58 9 STANDARDS OF CONDUCT

58 10 Sec. 90. NEW SECTION. 504.831 GENERAL STANDARDS FOR
58 11 DIRECTORS.

58 12 1. Each member of the board of directors of a corporation,
58 13 when discharging the duties of a director, shall act in
58 14 conformity with all of the following:

58 15 a. In good faith.

58 16 b. In a manner the director reasonably believes to be in
58 17 the best interests of the corporation.

58 18 2. The members of the board of directors or a committee of
58 19 the board, when becoming informed in connection with their
58 20 decision-making functions, shall discharge their duties with
58 21 the care that a person in a like position would reasonably
58 22 believe appropriate under similar circumstances.

58 23 3. In discharging board or committee duties, a director
58 24 who does not have knowledge that makes reliance unwarranted is

58 25 entitled to rely on the performance by any of the persons
58 26 specified in subsection 5, paragraph "a", to whom the board
58 27 may have delegated, formally or informally by course of
58 28 conduct, the authority or duty to perform one or more of the
58 29 board's functions that are delegable under applicable law.
58 30 4. In discharging board or committee duties, a director is
58 31 entitled to rely on information, opinions, reports, or
58 32 statements, including financial statements and other financial
58 33 data, if prepared or presented by any of the persons specified
58 34 in subsection 5.

58 35 5. A director is entitled to rely, in accordance with
59 1 subsection 3 or 4, on any of the following:

59 2 a. One or more officers or employees of the corporation
59 3 whom the director reasonably believes to be reliable and
59 4 competent in the functions performed or the information,
59 5 opinions, reports, or statements provided by the officer or
59 6 employee.

59 7 b. Legal counsel, public accountants, or other persons as
59 8 to matters involving skills or expertise the director
59 9 reasonably believes are either of the following:

59 10 (1) Matters within the particular person's professional or
59 11 expert competence.

59 12 (2) Matters as to which the particular person merits
59 13 confidence.

59 14 c. A committee of the board of which the director is not a
59 15 member, as to matters within its jurisdiction, if the director
59 16 reasonably believes the committee merits confidence.

59 17 d. In the case of religious corporations, religious
59 18 authorities and ministers, priests, rabbis, or other persons
59 19 whose position or duties in the religious organization the
59 20 director believes justify reliance and confidence and whom the
59 21 director believes to be reliable and competent in the matters
59 22 presented.

59 23 6. A director shall not be deemed to be a trustee with
59 24 respect to the corporation or with respect to any property
59 25 held or administered by the corporation, including without
59 26 limit, property that may be subject to restrictions imposed by
59 27 the donor or transferor of such property.

59 28 Sec. 91. NEW SECTION. 504.832 STANDARDS OF LIABILITY FOR
59 29 DIRECTORS.

59 30 1. A director shall not be liable to the corporation or
59 31 its members for any decision to take or not to take action, or
59 32 any failure to take any action, as director, unless the party
59 33 asserting liability in a proceeding establishes both of the
59 34 following:

59 35 a. That section 504.901 or the protection afforded by
60 1 section 504.831, if interposed as a bar to the proceeding by
60 2 the director, does not preclude liability.

60 3 b. That the challenged conduct consisted or was the result
60 4 of one of the following:

60 5 (1) Action not in good faith.

60 6 (2) A decision that satisfies one of the following:

60 7 (a) That the director did not reasonably believe to be in
60 8 the best interests of the corporation.

60 9 (b) As to which the director was not informed to an extent
60 10 the director reasonably believed appropriate in the
60 11 circumstances.

60 12 (3) A lack of objectivity due to the director's familial,
60 13 financial, or business relationship with, or lack of
60 14 independence due to the director's domination or control by,
60 15 another person having a material interest in the challenged
60 16 conduct which also meets both of the following criteria:

60 17 (a) Which relationship or which domination or control
60 18 could reasonably be expected to have affected the director's
60 19 judgment respecting the challenged conduct in a manner adverse
60 20 to the corporation.

60 21 (b) After a reasonable expectation to such effect has been
60 22 established, the director shall not have established that the
60 23 challenged conduct was reasonably believed by the director to
60 24 be in the best interests of the corporation.

60 25 (4) A sustained failure of the director to devote
60 26 attention to ongoing oversight of the business and affairs of
60 27 the corporation, or a failure to devote timely attention, by
60 28 making, or causing to be made, appropriate inquiry, when
60 29 particular facts and circumstances of significant concern
60 30 materialize that would alert a reasonably attentive director
60 31 to the need therefor.

60 32 (5) Receipt of a financial benefit to which the director
60 33 was not entitled or any other breach of the director's duties
60 34 to deal fairly with the corporation and its members that is
60 35 actionable under applicable law.

61 1 2. a. A party seeking to hold a director liable for money
61 2 damages shall also have the burden of establishing both of the
61 3 following:

61 4 (1) That harm to the corporation or its members has been
61 5 suffered.

61 6 (2) The harm suffered was proximately caused by the
61 7 director's challenged conduct.

61 8 b. A party seeking to hold a director liable for other
61 9 money payment under a legal remedy, such as compensation for
61 10 the unauthorized use of corporate assets, shall also have
61 11 whatever burden of persuasion that may be called for to
61 12 establish that the payment sought is appropriate in the
61 13 circumstances.

61 14 c. A party seeking to hold a director liable for other
61 15 money payment under an equitable remedy, such as profit
61 16 recovery by or disgorgement to the corporation, shall also
61 17 have whatever burden of persuasion that may be called for to
61 18 establish that the equitable remedy sought is appropriate in
61 19 the circumstances.

61 20 3. This section shall not do any of the following:

61 21 a. In any instance where fairness is at issue, such as
61 22 consideration of the fairness of a transaction to the
61 23 corporation under section 504.833, alter the burden of proving
61 24 the fact or lack of fairness otherwise applicable.

61 25 b. Alter the fact or lack of liability of a director under
61 26 another section of this chapter, such as the provisions
61 27 governing the consequences of a transactional interest under
61 28 section 504.833 or an unlawful distribution under section
61 29 504.835.

61 30 c. Affect any rights to which the corporation or a
61 31 shareholder may be entitled under another statute of this
61 32 state or the United States.

61 33 Sec. 92. NEW SECTION. 504.833 DIRECTOR CONFLICT OF
61 34 INTEREST.

61 35 1. A conflict of interest transaction is a transaction
62 1 with the corporation in which a director of the corporation
62 2 has a direct or indirect interest. A conflict of interest
62 3 transaction is not voidable by the corporation on the basis of
62 4 the director's interest in the transaction if the transaction
62 5 was fair at the time it was entered into or is approved as
62 6 provided in subsection 2.

62 7 2. A transaction in which a director of a mutual benefit
62 8 corporation has a conflict of interest may be approved if
62 9 either of the following occurs:

62 10 a. The material facts of the transaction and the
62 11 director's interest were disclosed or known to the board of
62 12 directors or a committee of the board and the board or
62 13 committee of the board authorized, approved, or ratified the
62 14 transaction.

62 15 b. The material facts of the transaction and the
62 16 director's interest were disclosed or known to the members and
62 17 they authorized, approved, or ratified the transaction.

62 18 3. For the purposes of this section, a director of the
62 19 corporation has an indirect interest in a transaction under
62 20 either of the following circumstances:

62 21 a. If another entity in which the director has a material
62 22 interest or in which the director is a general partner is a
62 23 party to the transaction.

62 24 b. If another entity of which the director is a director,
62 25 officer, or trustee is a party to the transaction.

62 26 4. For purposes of subsection 2, a conflict of interest
62 27 transaction is authorized, approved, or ratified if it
62 28 receives the affirmative vote of a majority of the directors
62 29 on the board or on a committee of the board, who have no
62 30 direct or indirect interest in the transaction, but a
62 31 transaction shall not be authorized, approved, or ratified
62 32 under this section by a single director. If a majority of the
62 33 directors on the board who have no direct or indirect interest
62 34 in the transaction vote to authorize, approve, or ratify the
62 35 transaction, a quorum is present for the purpose of taking
63 1 action under this section. The presence of, or a vote cast
63 2 by, a director with a direct or indirect interest in the
63 3 transaction does not affect the validity of any action taken
63 4 under subsection 2, paragraph "a", if the transaction is
63 5 otherwise approved as provided in subsection 2.

63 6 5. For purposes of subsection 2, paragraph "b", a conflict
63 7 of interest transaction is authorized, approved, or ratified
63 8 by the members if it receives a majority of the votes entitled
63 9 to be counted under this subsection. Votes cast by or voted
63 10 under the control of a director who has a direct or indirect
63 11 interest in the transaction, and votes cast by or voted under

63 12 the control of an entity described in subsection 3, paragraph
63 13 "a", shall not be counted in a vote of members to determine
63 14 whether to authorize, approve, or ratify a conflict of
63 15 interest transaction under subsection 2, paragraph "b". The
63 16 vote of these members, however, is counted in determining
63 17 whether the transaction is approved under other sections of
63 18 this subchapter. A majority of the voting power, whether or
63 19 not present, that is entitled to be counted in a vote on the
63 20 transaction under this subsection constitutes a quorum for the
63 21 purpose of taking action under this section.

63 22 6. The articles, bylaws, or a resolution of the board may
63 23 impose additional requirements on conflict of interest
63 24 transactions.

63 25 Sec. 93. NEW SECTION. 504.834 LOANS TO OR GUARANTEES FOR
63 26 DIRECTORS AND OFFICERS.

63 27 1. A corporation shall not lend money to or guarantee the
63 28 obligation of a director or officer of the corporation.

63 29 2. The fact that a loan or guarantee is made in violation
63 30 of this section does not affect the borrower's liability on
63 31 the loan.

63 32 Sec. 94. NEW SECTION. 504.835 LIABILITY FOR UNLAWFUL
63 33 DISTRIBUTIONS.

63 34 1. Unless a director complies with the applicable
63 35 standards of conduct described in section 504.831, a director
64 1 who votes for or assents to a distribution made in violation
64 2 of this subchapter is personally liable to the corporation for
64 3 the amount of the distribution that exceeds what could have
64 4 been distributed without violating this subchapter.

64 5 2. A director held liable for an unlawful distribution
64 6 under subsection 1 is entitled to contribution from both of
64 7 the following:

64 8 a. Every other director who voted for or assented to the
64 9 distribution without complying with the applicable standards
64 10 of conduct described in section 504.831.

64 11 b. Each person who received an unlawful distribution for
64 12 the amount of the distribution whether or not the person
64 13 receiving the distribution knew it was made in violation of
64 14 this subchapter.

64 15 PART 4
64 16 OFFICERS

64 17 Sec. 95. NEW SECTION. 504.841 REQUIRED OFFICERS.

64 18 1. Unless otherwise provided in the articles or bylaws of
64 19 a corporation, a corporation shall have a president, a
64 20 secretary, a treasurer, and such other officers as are
64 21 appointed by the board. An officer may appoint one or more
64 22 officers if authorized by the bylaws or the board of
64 23 directors.

64 24 2. The bylaws or the board shall delegate to one of the
64 25 officers responsibility for preparing minutes of the
64 26 directors' and members' meetings and for authenticating
64 27 records of the corporation.

64 28 3. The same individual may simultaneously hold more than
64 29 one office in a corporation.

64 30 Sec. 96. NEW SECTION. 504.842 DUTIES AND AUTHORITY OF
64 31 OFFICERS.

64 32 Each officer of a corporation has the authority and shall
64 33 perform the duties set forth in the bylaws or, to the extent
64 34 consistent with the bylaws, the duties and authority
64 35 prescribed in a resolution of the board or by direction of an
65 1 officer authorized by the board to prescribe the duties and
65 2 authority of other officers.

65 3 Sec. 97. NEW SECTION. 504.843 STANDARDS OF CONDUCT FOR
65 4 OFFICERS.

65 5 1. An officer, when performing in such capacity, shall act
65 6 in conformity with all of the following:

65 7 a. In good faith.

65 8 b. With the care that a person in a like position would
65 9 reasonably exercise under similar circumstances.

65 10 c. In a manner the officer reasonably believes to be in
65 11 the best interests of the corporation and its members, if any.

65 12 2. In discharging the officer's duties, an officer who
65 13 does not have knowledge that makes reliance unwarranted, is
65 14 entitled to rely on any of the following:

65 15 a. The performance of properly delegated responsibilities
65 16 by one or more employees of the corporation whom the officer
65 17 reasonably believes to be reliable and competent in performing
65 18 the responsibilities delegated.

65 19 b. Information, opinions, reports, or statements,
65 20 including financial statements and other financial data,
65 21 prepared or presented by one or more officers or employees of
65 22 the corporation whom the officer reasonably believes to be

65 23 reliable and competent in the matters presented.
65 24 c. Legal counsel, public accountants, or other persons
65 25 retained by the corporation as to matters involving the skills
65 26 or expertise the officer reasonably believes are within the
65 27 person's professional or expert competence, or as to which the
65 28 particular person merits confidence.

65 29 d. In the case of religious corporations, religious
65 30 authorities, and ministers, priests, rabbis, or other persons
65 31 whose position or duties in the religious organization the
65 32 officer believes justify reliance and confidence and whom the
65 33 officer believes to be reliable and competent in the matters
65 34 presented.

65 35 3. An officer shall not be liable as an officer to the
66 1 corporation or its members for any decision to take or not to
66 2 take action, or any failure to take any action, if the duties
66 3 of the officer are performed in compliance with this section.
66 4 Whether an officer who does not comply with this section shall
66 5 have liability will depend in such instance on applicable law,
66 6 including those principles of sections 504.832 and 504.901
66 7 that have relevance.

66 8 Sec. 98. NEW SECTION. 504.844 RESIGNATION AND REMOVAL OF
66 9 OFFICERS.

66 10 1. An officer of a corporation may resign at any time by
66 11 delivering notice to the corporation. A resignation is
66 12 effective when the notice is effective unless the notice
66 13 specifies a future effective time. If a resignation is made
66 14 effective at a future time and the board or appointing officer
66 15 accepts the future effective time, its board or appointing
66 16 officer may fill the pending vacancy before the effective time
66 17 if the board or appointing officer provides that the successor
66 18 does not take office until the effective time.

66 19 2. An officer may be removed at any time with or without
66 20 cause by any of the following:

66 21 a. The board of directors.

66 22 b. The officer who appointed such officer, unless the
66 23 bylaws or the board of directors provide otherwise.

66 24 c. Any other officer if authorized by the bylaws or the
66 25 board of directors.

66 26 d. In this section, "appointing officer" means the
66 27 officer, including any successor to that officer, who
66 28 appointed the officer resigning or being removed.

66 29 Sec. 99. NEW SECTION. 504.845 CONTRACT RIGHTS OF
66 30 OFFICERS.

66 31 1. The appointment of an officer of a corporation does not
66 32 itself create contract rights.

66 33 2. An officer's removal does not affect the officer's
66 34 contract rights, if any, with the corporation. An officer's
66 35 resignation does not affect the corporation's contract rights,
67 1 if any, with the officer.

67 2 Sec. 100. NEW SECTION. 504.846 OFFICERS' AUTHORITY TO
67 3 EXECUTE DOCUMENTS.

67 4 1. A contract or other instrument in writing executed or
67 5 entered into between a corporation and any other person is not
67 6 invalidated as to the corporation by any lack of authority of
67 7 the signing officers in the absence of actual knowledge on the
67 8 part of the other person that the signing officers had no
67 9 authority to execute the contract or other instrument if it is
67 10 signed by any two officers in category 1 or by one officer in
67 11 category 1 and one officer in category 2 as set out in
67 12 subsection 2.

67 13 2. a. Category 1 officers include the presiding officer
67 14 of the board and the president.

67 15 b. Category 2 officers include a vice president and the
67 16 secretary, treasurer, and executive director.

PART 5

INDEMNIFICATION

67 19 Sec. 101. NEW SECTION. 504.851 DEFINITIONS.

67 20 As used in this part, unless the context otherwise
67 21 requires:

67 22 1. "Corporation" includes any domestic or foreign
67 23 predecessor entity of a corporation in a merger.

67 24 2. "Director" or "officer" means an individual who is or
67 25 was a director or officer of a corporation or an individual
67 26 who, while a director or officer of a corporation, is or was
67 27 serving at the corporation's request as a director, officer,
67 28 partner, trustee, employee, or agent of another foreign or
67 29 domestic business or nonprofit corporation, partnership, joint
67 30 venture, trust, employee benefit plan, or other entity. A
67 31 "director" or "officer" is considered to be serving an
67 32 employee benefit plan at the corporation's request if the
67 33 director's or officer's duties to the corporation also impose

67 34 duties on, or otherwise involve services by, the director or
67 35 officer to the plan or to participants in or beneficiaries of
68 1 the plan. "Director" or "officer" includes, unless the
68 2 context otherwise requires, the estate or personal
68 3 representative of a director or officer.

68 4 3. "Disinterested director" means a director who at the
68 5 time of a vote referred to in section 504.854, subsection 3,
68 6 or a vote or selection referred to in section 504.856,
68 7 subsection 2 or 3, is not either of the following:

68 8 a. A party to the proceeding.

68 9 b. An individual having a familial, financial,
68 10 professional, or employment relationship with the director
68 11 whose indemnification or advance for expenses is the subject
68 12 of the decision being made, which relationship would, in the
68 13 circumstances, reasonably be expected to exert an influence on
68 14 the director's judgment when voting on the decision being
68 15 made.

68 16 4. "Expenses" includes attorney fees.

68 17 5. "Liability" means the obligation to pay a judgment,
68 18 settlement, penalty, or fine including an excise tax assessed
68 19 with respect to an employee benefit plan, or reasonable
68 20 expenses actually incurred with respect to a proceeding.

68 21 6. "Official capacity" means either of the following:

68 22 a. When used with respect to a director, the office of
68 23 director in a corporation.

68 24 b. When used with respect to an officer, as contemplated
68 25 in section 504.857, the office in a corporation held by the
68 26 officer. "Official capacity" does not include service for any
68 27 other foreign or domestic business or nonprofit corporation or
68 28 any partnership joint venture, trust, employee benefit plan,
68 29 or other entity.

68 30 7. "Party" means an individual who was, is, or is
68 31 threatened to be made a defendant or respondent in a
68 32 proceeding.

68 33 8. "Proceeding" means any threatened, pending, or
68 34 completed action, suit, or proceeding whether civil, criminal,
68 35 administrative, or investigative and whether formal or
69 1 informal.

69 2 Sec. 102. NEW SECTION. 504.852 PERMISSIBLE
69 3 INDEMNIFICATION.

69 4 1. Except as otherwise provided in this section, a
69 5 corporation may indemnify an individual who is a party to a
69 6 proceeding because the individual is a director, against
69 7 liability incurred in the proceeding if all of the following
69 8 apply:

69 9 a. The individual acted in good faith.

69 10 b. The individual reasonably believed either of the
69 11 following:

69 12 (1) In the case of conduct in the individual's official
69 13 capacity, that the individual's conduct was in the best
69 14 interests of the corporation.

69 15 (2) In all other cases, that the individual's conduct was
69 16 at least not opposed to the best interests of the corporation.

69 17 c. In the case of any criminal proceeding, the individual
69 18 had no reasonable cause to believe the individual's conduct
69 19 was unlawful.

69 20 d. The individual engaged in conduct for which broader
69 21 indemnification has been made permissible or obligatory under
69 22 a provision of the articles of incorporation as authorized by
69 23 section 504.202, subsection 2, paragraph "d".

69 24 2. A director's conduct with respect to an employee
69 25 benefit plan for a purpose the director reasonably believed to
69 26 be in the interests of the participants in and beneficiaries
69 27 of the plan is conduct that satisfies the requirements of
69 28 subsection 1, paragraph "b", subparagraph (2).

69 29 3. The termination of a proceeding by judgment, order,
69 30 settlement, conviction, or upon a plea of nolo contendere or
69 31 its equivalent is not, of itself, determinative that the
69 32 director did not meet the relevant standard of conduct
69 33 described in this section.

69 34 4. Unless ordered by a court under section 504.855,
69 35 subsection 1, paragraph "b", a corporation shall not indemnify
70 1 a director under this section under either of the following
70 2 circumstances:

70 3 a. In connection with a proceeding by or in the right of
70 4 the corporation, except for reasonable expenses incurred in
70 5 the relevant standard of conduct under subsection 1.

70 6 b. In connection with any proceeding with respect to
70 7 conduct for which the director was adjudged liable on the
70 8 basis that the director received a financial benefit to which
70 9 the director was not entitled, whether or not involving action

70 10 in the director's official capacity.

70 11 Sec. 103. NEW SECTION. 504.853 MANDATORY

70 12 INDEMNIFICATION.

70 13 A corporation shall indemnify a director who was wholly
70 14 successful, on the merits or otherwise, in the defense of any
70 15 proceeding to which the director was a party because the
70 16 director is or was a director of the corporation against
70 17 reasonable expenses actually incurred by the director in
70 18 connection with the proceeding.

70 19 Sec. 104. NEW SECTION. 504.854 ADVANCE FOR EXPENSES.

70 20 1. A corporation may, before final disposition of a
70 21 proceeding, advance funds to pay for or reimburse the
70 22 reasonable expenses incurred by a director who is a party to a
70 23 proceeding because the person is a director if the person
70 24 delivers all of the following to the corporation:

70 25 a. A written affirmation of the director's good faith
70 26 belief that the director has met the relevant standard of
70 27 conduct described in section 504.852 or that the proceeding
70 28 involved conduct for which liability has been eliminated under
70 29 a provision of the articles of incorporation as authorized by
70 30 section 504.202, subsection 2, paragraph "d".

70 31 b. The director's written undertaking to repay any funds
70 32 advanced if the director is not entitled to mandatory
70 33 indemnification under section 504.853 and it is ultimately
70 34 determined under section 504.855 or 504.856 that the director
70 35 has not met the relevant standard of conduct described in

71 1 section 504.852.

71 2 2. The undertaking required by subsection 1, paragraph
71 3 "b", must be an unlimited general obligation of the director
71 4 but need not be secured and may be accepted without reference
71 5 to the financial ability of the director to make repayment.

71 6 3. Authorizations under this section shall be made
71 7 according to one of the following:

71 8 a. By the board of directors as follows:

71 9 (1) If there are two or more disinterested directors, by a
71 10 majority vote of all the disinterested directors, a majority
71 11 of whom shall for such purpose constitute a quorum, or by a
71 12 majority of the members of a committee of two or more
71 13 disinterested directors appointed by such vote.

71 14 (2) If there are fewer than two disinterested directors,
71 15 by the vote necessary for action by the board in accordance
71 16 with section 504.825, subsection 2, in which authorization
71 17 directors who do not qualify as disinterested directors may
71 18 participate.

71 19 b. By the members, but the director who, at the time does
71 20 not qualify as a disinterested director, may not vote as a
71 21 member or on behalf of a member.

71 22 Sec. 105. NEW SECTION. 504.855 COURT=ORDERED

71 23 INDEMNIFICATION.

71 24 1. A director who is a party to a proceeding because the
71 25 person is a director may apply for indemnification or an
71 26 advance for expenses to the court conducting the proceeding or
71 27 to another court of competent jurisdiction. After receipt of
71 28 an application, and after giving any notice the court
71 29 considers necessary, the court shall do one of the following:

71 30 a. Order indemnification if the court determines that the
71 31 director is entitled to mandatory indemnification under
71 32 section 504.853.

71 33 b. Order indemnification or advance for expenses if the
71 34 court determines that the director is entitled to
71 35 indemnification or advance for expenses pursuant to a

72 1 provision authorized by section 504.859, subsection 1.

72 2 c. Order indemnification or advance for expenses if the
72 3 court determines, in view of all the relevant circumstances,
72 4 that it is fair and reasonable to do one of the following:

72 5 (1) To indemnify the director.

72 6 (2) To indemnify or advance expenses to the director, even
72 7 if the director has not met the relevant standard of conduct
72 8 set forth in section 504.852, subsection 1, failed to comply
72 9 with section 504.854 or was adjudged liable in a proceeding
72 10 referred to in section 504.852, subsection 4, paragraph "a" or
72 11 "b", but if the director was adjudged so liable the director's
72 12 indemnification shall be limited to reasonable expenses
72 13 incurred in connection with the proceeding.

72 14 2. If the court determines that the director is entitled
72 15 to indemnification under subsection 1, paragraph "a", or to
72 16 indemnification or advance for expenses under subsection 1,
72 17 paragraph "b", it shall also order the corporation to pay the
72 18 director's reasonable expenses incurred in connection with
72 19 obtaining court-ordered indemnification or advance for
72 20 expenses. If the court determines that the director is

72 21 entitled to indemnification or advance for expenses under
72 22 subsection 1, paragraph "c", it may also order the corporation
72 23 to pay the director's reasonable expenses to obtain court=
72 24 ordered indemnification or advance for expenses.

72 25 Sec. 106. NEW SECTION. 504.856 DETERMINATION AND
72 26 AUTHORIZATION OF INDEMNIFICATION.

72 27 1. A corporation shall not indemnify a director under
72 28 section 504.852 unless authorized for a specific proceeding
72 29 after a determination has been made that indemnification of
72 30 the director is permissible because the director has met the
72 31 standard of conduct set forth in section 504.852.

72 32 2. The determination shall be made by any of the
72 33 following:

72 34 a. If there are two or more disinterested directors, by
72 35 the board of directors by a majority vote of all the
73 1 disinterested directors, a majority of whom shall for such
73 2 purpose constitute a quorum, or by a majority of the members
73 3 of a committee of two or more disinterested directors
73 4 appointed by such vote.

73 5 b. By special legal counsel under one of the following
73 6 circumstances:

73 7 (1) Selected in the manner prescribed in paragraph "a".

73 8 (2) If there are fewer than two disinterested directors
73 9 selected by the board in which selection directors who do not
73 10 qualify as disinterested directors may participate.

73 11 c. By the members of a mutual benefit corporation, but
73 12 directors who are at the time parties to the proceeding shall
73 13 not vote on the determination.

73 14 3. Authorization of indemnification shall be made in the
73 15 same manner as the determination that indemnification is
73 16 permissible, except that if there are fewer than two
73 17 disinterested directors or if the determination is made by
73 18 special legal counsel, authorization of indemnification shall
73 19 be made by those entitled under subsection 2, paragraph "c",
73 20 to select special legal counsel.

73 21 Sec. 107. NEW SECTION. 504.857 INDEMNIFICATION OF
73 22 OFFICERS.

73 23 1. A corporation may indemnify and advance expenses under
73 24 this part to an officer of the corporation who is a party to a
73 25 proceeding because the person is an officer, according to all
73 26 of the following:

73 27 a. To the same extent as to a director.

73 28 b. If the person is an officer but not a director, to such
73 29 further extent as may be provided by the articles of
73 30 incorporation, the bylaws, a resolution of the board of
73 31 directors, or contract, except for either of the following:

73 32 (1) Liability in connection with a proceeding by or in the
73 33 right of the corporation other than for reasonable expenses
73 34 incurred in connection with the proceeding.

73 35 (2) Liability arising out of conduct that constitutes any
74 1 of the following:

74 2 (a) Receipt by the officer of a financial benefit to which
74 3 the officer is not entitled.

74 4 (b) An intentional infliction of harm on the corporation
74 5 or the shareholders.

74 6 (c) An intentional violation of criminal law.

74 7 2. The provisions of subsection 1, paragraph "b", shall
74 8 apply to an officer who is also a director if the basis on
74 9 which the officer is made a party to a proceeding is an act or
74 10 omission solely as an officer.

74 11 3. An officer of a corporation who is not a director is
74 12 entitled to mandatory indemnification under section 504.853,
74 13 and may apply to a court under section 504.855 for
74 14 indemnification or an advance for expenses, in each case to
74 15 the same extent to which a director may be entitled to
74 16 indemnification or advance for expenses under those
74 17 provisions.

74 18 Sec. 108. NEW SECTION. 504.858 INSURANCE.

74 19 A corporation may purchase and maintain insurance on behalf
74 20 of an individual who is a director or officer of the
74 21 corporation, or who, while a director or officer of the
74 22 corporation, serves at the request of the corporation as a
74 23 director, officer, partner, trustee, employee, or agent of
74 24 another domestic business or nonprofit corporation,
74 25 partnership, joint venture, trust, employee benefit plan, or
74 26 other entity, against liability asserted against or incurred
74 27 by the individual in that capacity or arising from the
74 28 individual's status as a director or officer, whether or not
74 29 the corporation would have power to indemnify or advance
74 30 expenses to that individual against the same liability under
74 31 this part.

74 32 Sec. 109. NEW SECTION. 504.859 APPLICATION OF PART.

74 33 1. A corporation may, by a provision in its articles of
74 34 incorporation or bylaws or in a resolution adopted or a
74 35 contract approved by its board of directors or members,
75 1 obligate itself in advance of the act or omission giving rise
75 2 to a proceeding to provide indemnification in accordance with
75 3 section 504.852 or advance funds to pay for or reimburse
75 4 expenses in accordance with section 504.854. Any such
75 5 obligatory provision shall be deemed to satisfy the
75 6 requirements for authorization referred to in section 504.854,
75 7 subsection 3, and in section 504.856, subsection 2 or 3. Any
75 8 such provision that obligates the corporation to provide
75 9 indemnification to the fullest extent permitted by law shall
75 10 be deemed to obligate the corporation to advance funds to pay
75 11 for or reimburse expenses in accordance with section 504.854
75 12 to the fullest extent permitted by law, unless the provision
75 13 specifically provides otherwise.

75 14 2. Any provision pursuant to subsection 1 shall not
75 15 obligate the corporation to indemnify or advance expenses to a
75 16 director of a predecessor of the corporation, pertaining to
75 17 conduct with respect to the predecessor, unless otherwise
75 18 specifically provided. Any provision for indemnification or
75 19 advance for expenses in the articles of incorporation, bylaws,
75 20 or a resolution of the board of directors or members of a
75 21 predecessor of the corporation in a merger or in a contract to
75 22 which the predecessor is a party, existing at the time the
75 23 merger takes effect, shall be governed by section 504.1104.

75 24 3. A corporation may, by a provision in its articles of
75 25 incorporation, limit any of the rights to indemnification or
75 26 advance for expenses created by or pursuant to this part.

75 27 4. This part does not limit a corporation's power to pay
75 28 or reimburse expenses incurred by a director or an officer in
75 29 connection with the director's or officer's appearance as a
75 30 witness in a proceeding at a time when the director or officer
75 31 is not a party.

75 32 5. This part does not limit a corporation's power to
75 33 indemnify, advance expenses to, or provide or maintain
75 34 insurance on behalf of an employee or agent.

75 35 Sec. 110. NEW SECTION. 504.860 EXCLUSIVITY OF PART.

76 1 A corporation may provide indemnification or advance
76 2 expenses to a director or an officer only as permitted by this
76 3 part.

76 4 SUBCHAPTER IX
76 5 PERSONAL LIABILITY

76 6 Sec. 111. NEW SECTION. 504.901 PERSONAL LIABILITY.

76 7 Except as otherwise provided in this chapter, a director,
76 8 officer, employee, or member of a corporation is not liable
76 9 for the corporation's debts or obligations and a director,
76 10 officer, member, or other volunteer is not personally liable
76 11 in that capacity, to any person for any action taken or
76 12 failure to take any action in the discharge of the person's
76 13 duties except liability for any of the following:

76 14 1. The amount of any financial benefit to which the person
76 15 is not entitled.

76 16 2. An intentional infliction of harm on the corporation or
76 17 the members.

76 18 3. A violation of section 504.834.

76 19 4. An intentional violation of criminal law.

76 20 SUBCHAPTER X

76 21 AMENDMENT OF ARTICLES OF INCORPORATION AND BYLAWS

76 22 PART 1

76 23 ARTICLES OF INCORPORATION

76 24 Sec. 112. NEW SECTION. 504.1001 AUTHORITY TO AMEND.

76 25 A corporation may amend its articles of incorporation at
76 26 any time to add or change a provision that is required or
76 27 permitted in the articles or to delete a provision not
76 28 required in the articles. Whether a provision is required or
76 29 permitted in the articles is determined as of the effective
76 30 date of the amendment.

76 31 Sec. 113. NEW SECTION. 504.1002 AMENDMENT BY DIRECTORS.

76 32 1. Unless the articles provide otherwise, a corporation's
76 33 board of directors may adopt one or more amendments to the
76 34 corporation's articles without member approval to do any of
76 35 the following:

77 1 a. Extend the duration of the corporation if it was
77 2 incorporated at a time when limited duration was required by
77 3 law.

77 4 b. Delete the names and addresses of the initial
77 5 directors.

77 6 c. Delete the name and address of the initial registered
77 7 agent or registered office, if a statement of change is on

77 8 file with the secretary of state.

77 9 d. Change the corporate name by substituting the word
77 10 "corporation", "incorporated", "company", "limited", or the
77 11 abbreviation "corp.", "inc.", "co.", or "ltd.", for a similar
77 12 word or abbreviation in the name, or by adding, deleting, or
77 13 changing a geographical attribution to the name.

77 14 e. Make any other change expressly permitted by this
77 15 subchapter to be made by director action.

77 16 2. If a corporation has no members, its incorporators,
77 17 until directors have been chosen, and thereafter its board of
77 18 directors, may adopt one or more amendments to the
77 19 corporation's articles subject to any approval required
77 20 pursuant to section 504.1031. The corporation shall provide
77 21 notice of any meeting at which an amendment is to be voted
77 22 upon. The notice shall be in accordance with section 504.823,
77 23 subsection 3. The notice must also state that the purpose, or
77 24 one of the purposes, of the meeting is to consider a proposed
77 25 amendment to the articles and contain or be accompanied by a
77 26 copy or summary of the amendment or state the general nature
77 27 of the amendment. The amendment must be approved by a
77 28 majority of the directors in office at the time the amendment
77 29 is adopted.

77 30 Sec. 114. NEW SECTION. 504.1003 AMENDMENT BY DIRECTORS
77 31 AND MEMBERS.

77 32 1. Unless this chapter, the articles or bylaws of a
77 33 corporation, the members acting pursuant to subsection 2, or
77 34 the board of directors acting pursuant to subsection 3,
77 35 require a greater vote or voting by class, or unless the
78 1 articles or bylaws impose other requirements, an amendment to
78 2 the corporation's articles must be approved by all of the
78 3 following to be adopted:

78 4 a. The board if the corporation is a public benefit or
78 5 religious corporation and the amendment does not relate to the
78 6 number of directors, the composition of the board, the term of
78 7 office of directors, or the method or way in which directors
78 8 are elected or selected.

78 9 b. Except as provided in section 504.1002, subsection 1,
78 10 by the members by two-thirds of the votes cast by the members
78 11 or a majority of the members' voting power that could be cast,
78 12 whichever is less.

78 13 c. In writing by any person or persons whose approval is
78 14 required by a provision of the articles authorized by section
78 15 504.1031.

78 16 2. The members may condition the adoption of an amendment
78 17 on receipt of a higher percentage of affirmative votes or on
78 18 any other basis.

78 19 3. If the board initiates an amendment to the articles or
78 20 board approval is required by subsection 1 to adopt an
78 21 amendment to the articles, the board may condition the
78 22 amendment's adoption on receipt of a higher percentage of
78 23 affirmative votes or any other basis.

78 24 4. If the board or the members seek to have the amendment
78 25 approved by the members at a membership meeting, the
78 26 corporation shall give notice to its members of the proposed
78 27 membership meeting in writing in accordance with section
78 28 504.705. The notice must state that the purpose, or one of
78 29 the purposes, of the meeting is to consider the proposed
78 30 amendment and contain or be accompanied by a copy or summary
78 31 of the amendment.

78 32 5. If the board or the members seek to have the amendment
78 33 approved by the members by written consent or written ballot,
78 34 the material soliciting the approval shall contain or be
78 35 accompanied by a copy or summary of the amendment.

79 1 Sec. 115. NEW SECTION. 504.1004 CLASS VOTING BY MEMBERS
79 2 ON AMENDMENTS.

79 3 1. Unless the articles or bylaws of the corporation
79 4 provide otherwise, the members of a class in a public benefit
79 5 corporation are entitled to vote as a class on a proposed
79 6 amendment to the articles if the amendment would change the
79 7 rights of that class as to voting in a manner different than
79 8 such amendment affects another class or members of another
79 9 class.

79 10 2. Unless the articles or bylaws of the corporation
79 11 provide otherwise, the members of a class in a mutual benefit
79 12 corporation are entitled to vote as a class on a proposed
79 13 amendment to the articles if the amendment would do any of the
79 14 following:

79 15 a. Affect the rights, privileges, preferences,
79 16 restrictions, or conditions of that class as to voting,
79 17 dissolution, redemption, or transfer of memberships in a
79 18 manner different than such amendment would affect another

79 19 class.
79 20 b. Change the rights, privileges, preferences,
79 21 restrictions, or conditions of that class as to voting,
79 22 dissolution, redemption, or transfer by changing the rights,
79 23 privileges, preferences, restrictions, or conditions of
79 24 another class.
79 25 c. Increase or decrease the number of memberships
79 26 authorized for that class.
79 27 d. Increase the number of memberships authorized for
79 28 another class.
79 29 e. Effect an exchange, reclassification, or termination of
79 30 the memberships of that class.
79 31 f. Authorize a new class of memberships.

79 32 3. The members of a class of a religious corporation are
79 33 entitled to vote as a class on a proposed amendment to the
79 34 articles only if a class vote is provided for in the articles
79 35 or bylaws.

80 1 4. Unless the articles or bylaws of the corporation
80 2 provide otherwise, if a class is to be divided into two or
80 3 more classes as a result of an amendment to the articles of a
80 4 public benefit or mutual benefit corporation, the amendment
80 5 must be approved by the members of each class that would be
80 6 created by the amendment.

80 7 5. Except as provided in the articles or bylaws of a
80 8 religious corporation, if a class vote is required to approve
80 9 an amendment to the articles of the corporation, the amendment
80 10 must be approved by the members of the class by two-thirds of
80 11 the votes cast by the class or a majority of the voting power
80 12 of the class, whichever is less.

80 13 Sec. 116. NEW SECTION. 504.1005 ARTICLES OF AMENDMENT.

80 14 A corporation amending its articles shall deliver to the
80 15 secretary of state articles of amendment setting forth:

80 16 1. The name of the corporation.

80 17 2. The text of each amendment adopted.

80 18 3. The date of each amendment's adoption.

80 19 4. If approval by members was not required, a statement to
80 20 that effect and a statement that the amendment was approved by
80 21 a sufficient vote of the board of directors or incorporators.

80 22 5. If approval by members was required, both of the
80 23 following:

80 24 a. The designation, number of memberships outstanding,
80 25 number of votes entitled to be cast by each class entitled to
80 26 vote separately on the amendment, and number of votes of each
80 27 class indisputably voting on the amendment.

80 28 b. Either the total number of votes cast for and against
80 29 the amendment by each class entitled to vote separately on the
80 30 amendment or the total number of undisputed votes cast for the
80 31 amendment by each class and a statement that the number of
80 32 votes cast for the amendment by each class was sufficient for
80 33 approval by that class.

80 34 6. If approval of the amendment by some person or persons
80 35 other than the members, the board, or the incorporators is
81 1 required pursuant to section 504.1031, a statement that the
81 2 approval was obtained.

81 3 Sec. 117. NEW SECTION. 504.1006 RESTATED ARTICLES OF
81 4 INCORPORATION.

81 5 1. A corporation's board of directors may restate the
81 6 corporation's articles of incorporation at any time with or
81 7 without approval by members or any other person.

81 8 2. The restatement may include one or more amendments to
81 9 the articles. If the restatement includes an amendment
81 10 requiring approval by the members or any other person, it must
81 11 be adopted as provided in section 504.1003.

81 12 3. If the restatement includes an amendment requiring
81 13 approval by members, the board must submit the restatement to
81 14 the members for their approval.

81 15 4. If the board seeks to have the restatement approved by
81 16 the members at a membership meeting, the corporation shall
81 17 notify each of its members of the proposed membership meeting
81 18 in writing in accordance with section 504.705. The notice
81 19 must also state that the purpose, or one of the purposes, of
81 20 the meeting is to consider the proposed restatement and must
81 21 contain or be accompanied by a copy or summary of the
81 22 restatement that identifies any amendments or other changes
81 23 the restatement would make in the articles.

81 24 5. If the board seeks to have the restatement approved by
81 25 the members by written ballot or written consent, the material
81 26 soliciting the approval shall contain or be accompanied by a
81 27 copy or summary of the restatement that identifies any
81 28 amendments or other changes the restatement would make in the
81 29 articles.

81 30 6. A restatement requiring approval by the members must be
81 31 approved by the same vote as an amendment to articles under
81 32 section 504.1003.

81 33 7. If the restatement includes an amendment requiring
81 34 approval pursuant to section 504.1031, the board must submit
81 35 the restatement for such approval.

82 1 8. A corporation restating its articles shall deliver to
82 2 the secretary of state articles of restatement setting forth
82 3 the name of the corporation and the text of the restated
82 4 articles of incorporation together with a certificate setting
82 5 forth all of the following:

82 6 a. Whether the restatement contains an amendment to the
82 7 articles requiring approval by the members or any other person
82 8 other than the board of directors and, if it does not, that
82 9 the board of directors adopted the restatement.

82 10 b. If the restatement contains an amendment to the
82 11 articles requiring approval by the members, the information
82 12 required by section 504.1005.

82 13 c. If the restatement contains an amendment to the
82 14 articles requiring approval by a person whose approval is
82 15 required pursuant to section 504.1031, a statement that such
82 16 approval was obtained.

82 17 9. Duly adopted restated articles of incorporation
82 18 supersede the original articles of incorporation and all
82 19 amendments to the original articles.

82 20 10. The secretary of state may certify restated articles
82 21 of incorporation as the articles of incorporation currently in
82 22 effect without including the certificate information required
82 23 by subsection 8.

82 24 Sec. 118. NEW SECTION. 504.1007 AMENDMENT PURSUANT TO
82 25 JUDICIAL REORGANIZATION.

82 26 1. A corporation's articles may be amended without board
82 27 approval or approval by the members or approval required
82 28 pursuant to section 504.1031 to carry out a plan of
82 29 reorganization ordered or decreed by a court of competent
82 30 jurisdiction under federal statute if the articles after
82 31 amendment contain only provisions required or permitted by
82 32 section 504.202.

82 33 2. An individual or individuals designated by the court
82 34 shall deliver to the secretary of state articles of amendment
82 35 setting forth all of the following:

83 1 a. The name of the corporation.

83 2 b. The text of each amendment approved by the court.

83 3 c. The date of the court's order or decree approving the
83 4 articles of amendment.

83 5 d. The title of the reorganization proceeding in which the
83 6 order or decree was entered.

83 7 e. A statement that the court had jurisdiction of the
83 8 proceeding under federal statute.

83 9 3. This section does not apply after entry of a final
83 10 decree in the reorganization proceeding even though the court
83 11 retains jurisdiction of the proceeding for limited purposes
83 12 unrelated to consummation of the reorganization plan.

83 13 Sec. 119. NEW SECTION. 504.1008 EFFECT OF AMENDMENT AND
83 14 RESTATEMENT.

83 15 An amendment to articles of incorporation does not affect a
83 16 cause of action existing against or in favor of the
83 17 corporation, a proceeding to which the corporation is a party,
83 18 any requirement or limitation imposed upon the corporation or
83 19 any property held by it by virtue of any trust upon which such
83 20 property is held by the corporation or the existing rights of
83 21 persons other than members of the corporation. An amendment
83 22 changing a corporation's name does not abate a proceeding
83 23 brought by or against the corporation in its former name.

83 24 PART 2

83 25 BYLAWS

83 26 Sec. 120. NEW SECTION. 504.1021 AMENDMENT BY DIRECTORS.

83 27 If a corporation has no members, its incorporators, until
83 28 directors have been chosen, and thereafter its board of
83 29 directors, may adopt one or more amendments to the
83 30 corporation's bylaws subject to any approval required pursuant
83 31 to section 504.1031. The corporation shall provide notice of
83 32 any meeting of directors at which an amendment is to be
83 33 approved. The notice must be given in accordance with section
83 34 504.823, subsection 3. The notice must also state that the
83 35 purpose, or one of the purposes, of the meeting is to consider
84 1 a proposed amendment to the bylaws and contain or be
84 2 accompanied by a copy or summary of the amendment or state the
84 3 general nature of the amendment. The amendment must be
84 4 approved by a majority of the directors in office at the time
84 5 the amendment is adopted.

84 6 Sec. 121. NEW SECTION. 504.1022 AMENDMENT BY DIRECTORS
84 7 AND MEMBERS.

84 8 1. Unless this chapter, the articles, bylaws, the members
84 9 acting pursuant to subsection 2, or the board of directors
84 10 acting pursuant to subsection 3, require a greater vote or
84 11 voting by class, or the articles or bylaws provide otherwise,
84 12 an amendment to a corporation's bylaws must be approved by all
84 13 of the following to be adopted:

84 14 a. By the board if the corporation is a public benefit or
84 15 religious corporation and the amendment does not relate to the
84 16 number of directors, the composition of the board, the term of
84 17 office of directors, or the method or way in which directors
84 18 are elected or selected.

84 19 b. By the members by two-thirds of the votes cast or a
84 20 majority of the voting power, whichever is less.

84 21 c. In writing by any person or persons whose approval is
84 22 required by a provision of the articles authorized by section
84 23 504.1031.

84 24 2. The members may condition the amendment's adoption on
84 25 its receipt of a higher percentage of affirmative votes or on
84 26 any other basis.

84 27 3. If the board initiates an amendment to the bylaws or
84 28 board approval is required by subsection 1 to adopt an
84 29 amendment to the bylaws, the board may condition the
84 30 amendment's adoption on receipt of a higher percentage of
84 31 affirmative votes or on any other basis.

84 32 4. If the board or the members seek to have the amendment
84 33 approved by the members at a membership meeting, the
84 34 corporation shall give notice to its members of the proposed
84 35 membership meeting in writing in accordance with section
85 1 504.705. The notice must also state that the purpose, or one
85 2 of the purposes, of the meeting is to consider the proposed
85 3 amendment and contain or be accompanied by a copy or summary
85 4 of the amendment.

85 5 5. If the board or the members seek to have the amendment
85 6 approved by the members by written consent or written ballot,
85 7 the material soliciting the approval shall contain or be
85 8 accompanied by a copy or summary of the amendment.

85 9 Sec. 122. NEW SECTION. 504.1023 CLASS VOTING BY MEMBERS
85 10 ON AMENDMENTS.

85 11 1. Unless the articles or bylaws of the corporation
85 12 provide otherwise, the members of a class in a public benefit
85 13 corporation are entitled to vote as a class on a proposed
85 14 amendment to the bylaws if the amendment would change the
85 15 rights of that class as to voting in a manner different than
85 16 such amendment affects another class or members of another
85 17 class.

85 18 2. Unless the articles or bylaws of the corporation
85 19 provide otherwise, members of a class in a mutual benefit
85 20 corporation are entitled to vote as a class on a proposed
85 21 amendment to the bylaws if the amendment would do any of the
85 22 following:

85 23 a. Affect the rights, privileges, preferences,
85 24 restrictions, or conditions of that class as to voting,
85 25 dissolution, redemption, or transfer of memberships in a
85 26 manner different than such amendment would affect another
85 27 class.

85 28 b. Change the rights, privileges, preferences,
85 29 restrictions, or conditions of that class as to voting,
85 30 dissolution, redemption, or transfer by changing the rights,
85 31 privileges, preferences, restrictions, or conditions of
85 32 another class.

85 33 c. Increase or decrease the number of memberships
85 34 authorized for that class.

85 35 d. Increase the number of memberships authorized for
86 1 another class.

86 2 e. Effect an exchange, reclassification, or termination of
86 3 all or part of the memberships of that class.

86 4 f. Authorize a new class of memberships.

86 5 3. The members of a class of a religious corporation are
86 6 entitled to vote as a class on a proposed amendment to the
86 7 bylaws only if a class vote is provided for in the articles or
86 8 bylaws.

86 9 4. Unless the articles or bylaws of the corporation
86 10 provide otherwise, if a class is to be divided into two or
86 11 more classes as a result of an amendment to the bylaws, the
86 12 amendment must be approved by the members of each class that
86 13 would be created by the amendment.

86 14 5. Unless the articles or bylaws of the corporation
86 15 provide otherwise, if a class vote is required to approve an
86 16 amendment to the bylaws, the amendment must be approved by the

86 17 members of the class by two-thirds of the votes cast by the
86 18 class or a majority of the voting power of the class,
86 19 whichever is less.

86 20 PART 3

86 21 ARTICLES OF INCORPORATION AND BYLAWS

86 22 Sec. 123. NEW SECTION. 504.1031 APPROVAL BY THIRD
86 23 PERSONS.

86 24 The articles of a corporation may require that an amendment
86 25 to the articles or bylaws be approved in writing by a
86 26 specified person or persons other than the board. Such a
86 27 provision in the articles may only be amended with the
86 28 approval in writing of the person or persons specified in the
86 29 provision.

86 30 Sec. 124. NEW SECTION. 504.1032 AMENDMENT TERMINATING
86 31 MEMBERS OR REDEEMING OR CANCELING MEMBERSHIPS.

86 32 1. Unless the articles or bylaws provide otherwise, an
86 33 amendment to the articles or bylaws of a public benefit or
86 34 mutual benefit corporation which would terminate all members
86 35 or any class of members or redeem or cancel all memberships or
87 1 any class of memberships must meet the requirements of this
87 2 chapter and this section.

87 3 2. Before adopting a resolution proposing such an
87 4 amendment, the board of a mutual benefit corporation shall
87 5 give notice of the general nature of the amendment to the
87 6 members.

87 7 3. After adopting a resolution proposing such an
87 8 amendment, the notice to members proposing such amendment
87 9 shall include one statement of up to five hundred words
87 10 opposing the proposed amendment, if such statement is
87 11 submitted by any five members or members having three percent
87 12 or more of the voting power, whichever is less, not later than
87 13 twenty days after the board has voted to submit such amendment
87 14 to the members for their approval. In public benefit
87 15 corporations, the production and mailing costs of the
87 16 statement opposing the proposed amendment shall be paid by the
87 17 requesting members. In mutual benefit corporations, the
87 18 production and mailing costs of the statement opposing the
87 19 proposed amendment shall be paid by the corporation.

87 20 4. Any such amendment shall be approved by the members by
87 21 two-thirds of the votes cast by each class.

87 22 5. The provisions of section 504.622 shall not apply to
87 23 any amendment meeting the requirements of this chapter and
87 24 this section.

87 25 SUBCHAPTER XI

87 26 MERGER

87 27 Sec. 125. NEW SECTION. 504.1101 APPROVAL OF PLAN OF
87 28 MERGER.

87 29 1. Subject to the limitations set forth in section
87 30 504.1102, one or more nonprofit corporations may merge with or
87 31 into any one or more corporations or nonprofit corporations or
87 32 limited liability companies, if the plan of merger is approved
87 33 as provided in section 504.1103.

87 34 2. The plan of merger shall set forth all of the
87 35 following:

88 1 a. The name of each corporation or limited liability
88 2 company planning to merge and the name of the surviving
88 3 corporation into which each plans to merge.

88 4 b. The terms and conditions of the planned merger.

88 5 c. The manner and basis, if any, of converting the
88 6 memberships of each public benefit or religious corporation
88 7 into memberships of the surviving corporation or limited
88 8 liability company.

88 9 d. If the merger involves a mutual benefit corporation,
88 10 the manner and basis, if any, of converting memberships of
88 11 each merging corporation into memberships, obligations, or
88 12 securities of the surviving or any other corporation or
88 13 limited liability company or into cash or other property in
88 14 whole or in part.

88 15 3. The plan of merger may set forth any of the following:

88 16 a. Any amendments to the articles of incorporation or
88 17 bylaws of the surviving corporation or limited liability
88 18 company to be effected by the planned merger.

88 19 b. Other provisions relating to the planned merger.

88 20 Sec. 126. NEW SECTION. 504.1102 LIMITATIONS ON MERGERS
88 21 BY PUBLIC BENEFIT OR RELIGIOUS CORPORATIONS.

88 22 1. Without the prior approval of the district court, a
88 23 public benefit or religious corporation may merge only with
88 24 one of the following:

88 25 a. A public benefit or religious corporation.

88 26 b. A foreign corporation which would qualify under this
88 27 chapter as a public benefit or religious corporation.

88 28 c. A wholly owned foreign or domestic business or mutual
88 29 benefit corporation, provided the public benefit or religious
88 30 corporation is the surviving corporation and continues to be a
88 31 public benefit or religious corporation after the merger.
88 32 d. A business or mutual benefit corporation or limited
88 33 liability company, provided that all of the following apply:
88 34 (1) On or prior to the effective date of the merger,
88 35 assets with a value equal to the greater of the fair market
89 1 value of the net tangible and intangible assets, including
89 2 goodwill, of the public benefit or religious corporation or
89 3 the fair market value of the public benefit or religious
89 4 corporation if it were to be operated as a business concern
89 5 are transferred or conveyed to one or more persons who would
89 6 have received its assets under section 504.1406, subsection 1,
89 7 paragraphs "e" and "f", had it dissolved.
89 8 (2) The business or mutual benefit corporation or limited
89 9 liability company shall return, transfer, or convey any assets
89 10 held by it upon condition requiring return, transfer, or
89 11 conveyance, which condition occurs by reason of the merger, in
89 12 accordance with such condition.
89 13 (3) The merger is approved by a majority of directors of
89 14 the public benefit or religious corporation who are not and
89 15 will not become members or shareholders in or officers,
89 16 employees, agents, or consultants of the surviving
89 17 corporation.
89 18 2. Without the prior approval of the district court in a
89 19 proceeding in which a guardian ad litem has been appointed to
89 20 represent the interests of the corporation, a member of a
89 21 public benefit or religious corporation shall not receive or
89 22 keep anything as a result of a merger other than a membership
89 23 in the surviving public benefit or religious corporation. The
89 24 court shall approve the transaction if it is in the public
89 25 interest.
89 26 Sec. 127. NEW SECTION. 504.1103 ACTION ON PLAN BY BOARD,
89 27 MEMBERS, AND THIRD PERSONS.
89 28 1. Unless this chapter, the articles, bylaws, or the board
89 29 of directors or members acting pursuant to subsection 3
89 30 require a greater vote or voting by class, or the articles or
89 31 bylaws impose other requirements, a plan of merger for a
89 32 corporation must be approved by all of the following to be
89 33 adopted:
89 34 a. The board.
89 35 b. The members, if any, by two-thirds of the votes cast or
90 1 a majority of the voting power, whichever is less.
90 2 c. In writing by any person or persons whose approval is
90 3 required by a provision of the articles authorized by section
90 4 504.1031 for an amendment to the articles or bylaws.
90 5 2. If the corporation does not have members, the merger
90 6 must be approved by a majority of the directors in office at
90 7 the time the merger is approved. In addition, the corporation
90 8 shall provide notice of any directors' meeting at which such
90 9 approval is to be obtained in accordance with section 504.823,
90 10 subsection 3. The notice must also state that the purpose, or
90 11 one of the purposes, of the meeting is to consider the
90 12 proposed merger.
90 13 3. The board may condition its submission of the proposed
90 14 merger, and the members may condition their approval of the
90 15 merger, on receipt of a higher percentage of affirmative votes
90 16 or on any other basis.
90 17 4. If the board seeks to have the plan approved by the
90 18 members at a membership meeting, the corporation shall give
90 19 notice to its members of the proposed membership meeting in
90 20 accordance with section 504.705. The notice must also state
90 21 that the purpose, or one of the purposes, of the meeting is to
90 22 consider the plan of merger and contain or be accompanied by a
90 23 copy or summary of the plan. The copy or summary of the plan
90 24 for members of the surviving corporation shall include any
90 25 provision that, if contained in a proposed amendment to the
90 26 articles of incorporation or bylaws, would entitle members to
90 27 vote on the provision. The copy or summary of the plan for
90 28 members of the disappearing corporation shall include a copy
90 29 or summary of the articles and bylaws which will be in effect
90 30 immediately after the merger takes effect.
90 31 5. If the board seeks to have the plan approved by the
90 32 members by written consent or written ballot, the material
90 33 soliciting the approval shall contain or be accompanied by a
90 34 copy or summary of the plan. The copy or summary of the plan
90 35 for members of the surviving corporation shall include any
91 1 provision that, if contained in a proposed amendment to the
91 2 articles of incorporation or bylaws, would entitle members to
91 3 vote on the provision. The copy or summary of the plan for

91 4 members of the disappearing corporation shall include a copy
91 5 or summary of the articles and bylaws which will be in effect
91 6 immediately after the merger takes effect.

91 7 6. Voting by a class of members is required on a plan of
91 8 merger if the plan contains a provision that, if contained in
91 9 a proposed amendment to articles of incorporation or bylaws,
91 10 would entitle the class of members to vote as a class on the
91 11 proposed amendment under section 504.1004 or 504.1023. The
91 12 plan must be approved by a class of members by two-thirds of
91 13 the votes cast by the class or a majority of the voting power
91 14 of the class, whichever is less.

91 15 7. After a merger is adopted, and at any time before
91 16 articles of merger are filed, the planned merger may be
91 17 abandoned subject to any contractual rights without further
91 18 action by members or other persons who approved the plan in
91 19 accordance with the procedure set forth in the plan of merger
91 20 or, if none is set forth, in the manner determined by the
91 21 board of directors.

91 22 Sec. 128. NEW SECTION. 504.1104 ARTICLES OF MERGER.

91 23 After a plan of merger is approved by the board of
91 24 directors, and if required by section 504.1103, by the members
91 25 and any other persons, the surviving or acquiring corporation
91 26 shall deliver to the secretary of state articles of merger
91 27 setting forth all of the following, as applicable:

91 28 1. The plan of merger.

91 29 2. If approval of members was not required, a statement to
91 30 that effect and a statement that the plan was approved by a
91 31 sufficient vote of the board of directors.

91 32 3. If approval by members was required, both of the
91 33 following:

91 34 a. The designation, number of memberships outstanding,
91 35 number of votes entitled to be cast by each class entitled to
92 1 vote separately on the plan, and number of votes of each class
92 2 indisputably voting on the plan.

92 3 b. Either the total number of votes cast for and against
92 4 the plan by each class entitled to vote separately on the plan
92 5 or the total number of undisputed votes cast for the plan by
92 6 each class and a statement that the number of votes cast for
92 7 the plan by each class was sufficient for approval by that
92 8 class.

92 9 4. If approval of the plan by some person or persons other
92 10 than the members of the board is required pursuant to section
92 11 504.1103, subsection 1, paragraph "c", a statement that the
92 12 approval was obtained.

92 13 Sec. 129. NEW SECTION. 504.1105 EFFECT OF MERGER.

92 14 When a merger takes effect, all of the following occur:

92 15 1. Every other corporation party to the merger merges into
92 16 the surviving corporation and the separate existence of every
92 17 corporation except the surviving corporation ceases.

92 18 2. The title to all real estate and other property owned
92 19 by each corporation party to the merger is vested in the
92 20 surviving corporation without reversion or impairment subject
92 21 to any and all conditions to which the property was subject
92 22 prior to the merger.

92 23 3. The surviving corporation has all the liabilities and
92 24 obligations of each corporation party to the merger.

92 25 4. A proceeding pending against any corporation party to
92 26 the merger may be continued as if the merger did not occur or
92 27 the surviving corporation may be substituted in the proceeding
92 28 for the corporation whose existence ceased.

92 29 5. The articles of incorporation and bylaws of the
92 30 surviving corporation are amended to the extent provided in
92 31 the plan of merger.

92 32 Sec. 130. NEW SECTION. 504.1106 MERGER WITH FOREIGN
92 33 CORPORATION.

92 34 1. Except as provided in section 504.1102, one or more
92 35 foreign business or nonprofit corporations may merge with one
93 1 or more domestic nonprofit corporations if all of the
93 2 following conditions are met:

93 3 a. The merger is permitted by the law of the state or
93 4 country under whose law each foreign corporation is
93 5 incorporated and each foreign corporation complies with that
93 6 law in effecting the merger.

93 7 b. The foreign corporation complies with section 504.1104
93 8 if it is the surviving corporation of the merger.

93 9 c. Each domestic nonprofit corporation complies with the
93 10 applicable provisions of sections 504.1101 through 504.1103
93 11 and, if it is the surviving corporation of the merger, with
93 12 section 504.1104.

93 13 2. Upon the merger taking effect, the surviving foreign
93 14 business or nonprofit corporation is deemed to have

93 15 irrevocably appointed the secretary of state as its agent for
93 16 service of process in any proceeding brought against it.

93 17 Sec. 131. NEW SECTION. 504.1107 BEQUESTS, DEVISES, AND
93 18 GIFTS.

93 19 Any bequest, devise, gift, grant, or promise contained in a
93 20 will or other instrument of donation, subscription, or
93 21 conveyance, that is made to a constituent corporation and
93 22 which takes effect or remains payable after the merger, inures
93 23 to the surviving corporation unless the will or other
93 24 instrument otherwise specifically provides.

93 25 Sec. 132. NEW SECTION. 504.1108 CONVERSION.

93 26 A corporation organized under this chapter that is an
93 27 insurance company may voluntarily elect to be organized as a
93 28 mutual insurance company under chapter 490 or 491 pursuant to
93 29 the procedures set forth in section 514.23.

93 30 SUBCHAPTER XII
93 31 SALE OF ASSETS

93 32 Sec. 133. NEW SECTION. 504.1201 SALE OF ASSETS IN
93 33 REGULAR COURSE OF ACTIVITIES AND MORTGAGE OF ASSETS.

93 34 1. A corporation may on the terms and conditions and for
93 35 the consideration determined by the board of directors do
94 1 either of the following:

94 2 a. Sell, lease, exchange, or otherwise dispose of all, or
94 3 substantially all, of its property in the usual and regular
94 4 course of its activities.

94 5 b. Mortgage, pledge, dedicate to the repayment of
94 6 indebtedness, whether with or without recourse, or otherwise
94 7 encumber any or all of its property whether or not in the
94 8 usual and regular course of its activities.

94 9 2. Unless the articles require it, approval of the members
94 10 or any other persons of a transaction described in subsection
94 11 1 is not required.

94 12 Sec. 134. NEW SECTION. 504.1202 SALE OF ASSETS OTHER
94 13 THAN IN REGULAR COURSE OF ACTIVITIES.

94 14 1. A corporation may sell, lease, exchange, or otherwise
94 15 dispose of all, or substantially all, of its property, with or
94 16 without the goodwill, other than in the usual and regular
94 17 course of its activities on the terms and conditions and for
94 18 the consideration determined by the corporation's board if the
94 19 proposed transaction is authorized by subsection 2.

94 20 2. Unless this chapter, the articles, bylaws, or the board
94 21 of directors or members acting pursuant to subsection 4
94 22 require a greater vote or voting by a class or the articles or
94 23 bylaws impose other requirements, the proposed transaction to
94 24 be authorized must be approved by all of the following:

94 25 a. The board.

94 26 b. The members by two-thirds of the votes cast or a
94 27 majority of the voting power, whichever is less.

94 28 c. In writing by any person or persons whose approval is
94 29 required by a provision of the articles authorized by section
94 30 504.1031 for an amendment to the articles or bylaws.

94 31 3. If the corporation does not have members, the
94 32 transaction must be approved by a vote of a majority of the
94 33 directors in office at the time the transaction is approved.

94 34 In addition, the corporation shall provide notice of any
94 35 directors' meeting at which such approval is to be obtained in
95 1 accordance with section 504.823, subsection 3. The notice
95 2 shall also state that the purpose, or one of the purposes, of
95 3 the meeting is to consider the sale, lease, exchange, or other
95 4 disposition of all, or substantially all, of the property or
95 5 assets of the corporation and contain or be accompanied by a
95 6 copy or summary of a description of the transaction.

95 7 4. The board may condition its submission of the proposed
95 8 transaction, and the members may condition their approval of
95 9 the transaction, on receipt of a higher percentage of
95 10 affirmative votes or on any other basis.

95 11 5. If the corporation seeks to have the transaction
95 12 approved by the members at a membership meeting, the
95 13 corporation shall give notice to its members of the proposed
95 14 membership meeting in accordance with section 504.705. The
95 15 notice must also state that the purpose, or one of the
95 16 purposes, of the meeting is to consider the sale, lease,
95 17 exchange, or other disposition of all, or substantially all,
95 18 of the property or assets of the corporation and contain or be
95 19 accompanied by a copy or summary of a description of the
95 20 transaction.

95 21 6. If the board is required to have the transaction
95 22 approved by the members by written consent or written ballot,
95 23 the material soliciting the approval shall contain or be
95 24 accompanied by a copy or summary of a description of the
95 25 transaction.

95 26 7. After a sale, lease, exchange, or other disposition of
95 27 property is authorized, the transaction may be abandoned,
95 28 subject to any contractual rights, without further action by
95 29 the members or any other person who approved the transaction
95 30 in accordance with the procedure set forth in the resolution
95 31 proposing the transaction or, if none is set forth, in the
95 32 manner determined by the board of directors.

95 33 SUBCHAPTER XIII
95 34 DISTRIBUTIONS

95 35 Sec. 135. NEW SECTION. 504.1301 PROHIBITED
96 1 DISTRIBUTIONS.

96 2 Except as authorized by section 504.1302, a corporation
96 3 shall not make any distributions.

96 4 Sec. 136. NEW SECTION. 504.1302 AUTHORIZED
96 5 DISTRIBUTIONS.

96 6 1. A mutual benefit corporation may purchase its
96 7 memberships if after the purchase is completed, both of the
96 8 following apply:

96 9 a. The corporation will be able to pay its debts as they
96 10 become due in the usual course of its activities.

96 11 b. The corporation's total assets will at least equal the
96 12 sum of its total liabilities.

96 13 2. Corporations may make distributions upon dissolution in
96 14 conformity with subchapter 14.

96 15 SUBCHAPTER XIV
96 16 DISSOLUTION

96 17 PART 1

96 18 VOLUNTARY DISSOLUTION

96 19 Sec. 137. NEW SECTION. 504.1401 DISSOLUTION BY
96 20 INCORPORATORS OR DIRECTORS AND THIRD PERSONS.

96 21 1. A majority of the incorporators of a corporation that
96 22 has no directors and no members or a majority of the directors
96 23 of a corporation that has no members may, subject to any
96 24 approval required by the articles or bylaws, dissolve the
96 25 corporation by delivering articles of dissolution to the
96 26 secretary of state.

96 27 2. The corporation shall give notice of any meeting at
96 28 which dissolution will be approved. The notice must be in
96 29 accordance with section 504.823, subsection 3. The notice
96 30 must also state that the purpose, or one of the purposes, of
96 31 the meeting is to consider dissolution of the corporation.

96 32 3. The incorporators or directors in approving dissolution
96 33 shall adopt a plan of dissolution indicating to whom the
96 34 assets owned or held by the corporation will be distributed
96 35 after all creditors have been paid.

97 1 Sec. 138. NEW SECTION. 504.1402 DISSOLUTION BY
97 2 DIRECTORS, MEMBERS, AND THIRD PERSONS.

97 3 1. Unless this chapter, the articles, bylaws, or the board
97 4 of directors or members acting pursuant to subsection 3
97 5 require a greater vote or voting by class or the articles or
97 6 bylaws impose other requirements, dissolution is authorized if
97 7 it is approved by all of the following:

97 8 a. The board.

97 9 b. The members, if any, by two-thirds of the votes cast or
97 10 a majority of the voting power, whichever is less.

97 11 c. In writing by any person or persons whose approval is
97 12 required by a provision of the articles authorized by section
97 13 504.1031 for an amendment to the articles or bylaws.

97 14 2. If the corporation does not have members, dissolution
97 15 must be approved by a vote of a majority of the directors in
97 16 office at the time the transaction is approved. In addition,
97 17 the corporation shall provide notice of any directors' meeting
97 18 at which such approval is to be obtained in accordance with
97 19 section 504.823, subsection 3. The notice must also state
97 20 that the purpose, or one of the purposes, of the meeting is to
97 21 consider dissolution of the corporation and contain or be
97 22 accompanied by a copy or summary of the plan of dissolution.

97 23 3. The board may condition its submission of the proposed
97 24 dissolution, and the members may condition their approval of
97 25 the dissolution, on receipt of a higher percentage of
97 26 affirmative votes or on any other basis.

97 27 4. If the board seeks to have dissolution approved by the
97 28 members at a membership meeting, the corporation shall give
97 29 notice to its members of the proposed membership meeting in
97 30 accordance with section 504.705. The notice must also state
97 31 that the purpose, or one of the purposes, of the meeting is to
97 32 consider dissolving the corporation and must contain or be
97 33 accompanied by a copy or summary of the plan of dissolution.

97 34 5. If the board seeks to have the dissolution approved by
97 35 the members by written consent or written ballot, the material
98 1 soliciting the approval shall contain or be accompanied by a

98 2 copy or summary of the plan of dissolution.

98 3 6. The plan of dissolution shall indicate to whom the
98 4 assets owned or held by the corporation will be distributed
98 5 after all creditors have been paid.

98 6 Sec. 139. NEW SECTION. 504.1404 ARTICLES OF DISSOLUTION.

98 7 1. At any time after dissolution is authorized, a
98 8 corporation may dissolve by delivering articles of dissolution
98 9 to the secretary of state setting forth all of the following:

98 10 a. The name of the corporation.

98 11 b. The date dissolution was authorized.

98 12 c. A statement that dissolution was approved by a
98 13 sufficient vote of the board.

98 14 d. If approval of members was not required, a statement to
98 15 that effect and a statement that dissolution was approved by a
98 16 sufficient vote of the board of directors or incorporators.

98 17 e. If approval by members was required, both of the
98 18 following:

98 19 (1) The designation, number of memberships outstanding,
98 20 number of votes entitled to be cast by each class entitled to
98 21 vote separately on dissolution, and number of votes of each
98 22 class indisputably voting on dissolution.

98 23 (2) Either the total number of votes cast for and against
98 24 dissolution by each class entitled to vote separately on
98 25 dissolution or the total number of undisputed votes cast for
98 26 dissolution by each class and a statement that the number cast
98 27 for dissolution by each class was sufficient for approval by
98 28 that class.

98 29 f. If approval of dissolution by some person or persons
98 30 other than the members, the board, or the incorporators is
98 31 required pursuant to section 504.1402, subsection 1, paragraph
98 32 "c", a statement that the approval was obtained.

98 33 2. A corporation is dissolved upon the effective date of
98 34 its articles of dissolution.

98 35 Sec. 140. NEW SECTION. 504.1405 REVOCATION OF
99 1 DISSOLUTION.

99 2 1. A corporation may revoke its dissolution within one
99 3 hundred twenty days of its effective date.

99 4 2. Revocation of dissolution must be authorized in the
99 5 same manner as the dissolution was authorized unless that
99 6 authorization permitted revocation by action of the board of
99 7 directors alone, in which event the board of directors may
99 8 revoke the dissolution without action by the members or any
99 9 other person.

99 10 3. After the revocation of dissolution is authorized, the
99 11 corporation may revoke the dissolution by delivering to the
99 12 secretary of state for filing, articles of revocation of
99 13 dissolution, together with a copy of its articles of
99 14 dissolution, that set forth all of the following:

99 15 a. The name of the corporation.

99 16 b. The effective date of the dissolution that was revoked.

99 17 c. The date that the revocation of dissolution was
99 18 authorized.

99 19 d. If the corporation's board of directors or
99 20 incorporators revoked the dissolution, a statement to that
99 21 effect.

99 22 e. If the corporation's board of directors revoked a
99 23 dissolution authorized by the members alone or in conjunction
99 24 with another person or persons, a statement that revocation
99 25 was permitted by action of the board of directors alone
99 26 pursuant to that authorization.

99 27 f. If member or third person action was required to revoke
99 28 the dissolution, the information required by section 504.1404,
99 29 subsection 1, paragraphs "e" and "f".

99 30 4. Revocation of dissolution is effective upon the
99 31 effective date of the articles of revocation of dissolution.

99 32 5. When the revocation of dissolution is effective, it
99 33 relates back to and takes effect as of the effective date of
99 34 the dissolution and the corporation resumes carrying on its
99 35 activities as if dissolution had never occurred.

100 1 Sec. 141. NEW SECTION. 504.1406 EFFECT OF DISSOLUTION.

100 2 1. A dissolved corporation continues its corporate
100 3 existence but shall not carry on any activities except those
100 4 appropriate to wind up and liquidate its affairs, including
100 5 all of the following:

100 6 a. Preserving and protecting its assets and minimizing its
100 7 liabilities.

100 8 b. Discharging or making provision for discharging its
100 9 liabilities and obligations.

100 10 c. Disposing of its properties that will not be
100 11 distributed in kind.

100 12 d. Returning, transferring, or conveying assets held by

100 13 the corporation upon a condition requiring return, transfer,
100 14 or conveyance, which condition occurs by reason of the
100 15 dissolution, in accordance with such condition.
100 16 e. Transferring, subject to any contractual or legal
100 17 requirements, its assets as provided in or authorized by its
100 18 articles of incorporation or bylaws.
100 19 f. If the corporation is a public benefit or religious
100 20 corporation, and a provision has not been made in its articles
100 21 or bylaws for distribution of assets on dissolution,
100 22 transferring, subject to any contractual or legal requirement,
100 23 its assets to one or more persons described in section
100 24 501(c)(3) of the Internal Revenue Code, or if the dissolved
100 25 corporation is not described in section 501(c)(3) of the
100 26 Internal Revenue Code, to one or more public benefit or
100 27 religious corporations.

100 28 g. If the corporation is a mutual benefit corporation and
100 29 a provision has not been made in its articles or bylaws for
100 30 distribution of assets on dissolution, transferring its assets
100 31 to its members or, if it has no members, those persons whom
100 32 the corporation holds itself out as benefiting or serving.

100 33 h. Doing every other act necessary to wind up and
100 34 liquidate its assets and affairs.

100 35 2. Dissolution of a corporation does not do any of the
101 1 following:

101 2 a. Transfer title to the corporation's property.

101 3 b. Subject its directors or officers to standards of
101 4 conduct different from those prescribed in subchapter 8.

101 5 c. Change quorum or voting requirements for its board or
101 6 members; change provisions for selection, resignation, or
101 7 removal of its directors or officers or both; or change
101 8 provisions for amending its bylaws.

101 9 d. Prevent commencement of a proceeding by or against the
101 10 corporation in its corporate name.

101 11 e. Abate or suspend a proceeding pending by or against the
101 12 corporation on the effective date of dissolution.

101 13 f. Terminate the authority of the registered agent.

101 14 Sec. 142. NEW SECTION. 504.1407 KNOWN CLAIMS AGAINST
101 15 DISSOLVED CORPORATION.

101 16 1. A dissolved corporation may dispose of the known claims
101 17 against it by following the procedure described in this
101 18 section.

101 19 2. The dissolved corporation shall notify its known
101 20 claimants in writing of the dissolution at any time after the
101 21 effective date of the dissolution. The written notice must do
101 22 all of the following:

101 23 a. Describe information that must be included in a claim.

101 24 b. Provide a mailing address where a claim may be sent.

101 25 c. State the deadline, which shall not be fewer than one
101 26 hundred twenty days from the effective date of the written
101 27 notice, by which the dissolved corporation must receive the
101 28 claim.

101 29 d. State that the claim will be barred if not received by
101 30 the deadline.

101 31 3. A claim against the dissolved corporation is barred if
101 32 either of the following occurs:

101 33 a. A claimant who was given written notice under
101 34 subsection 2 does not deliver the claim to the dissolved
101 35 corporation by the deadline.

102 1 b. A claimant whose claim was rejected by the dissolved
102 2 corporation does not commence a proceeding to enforce the
102 3 claim within ninety days from the effective date of the
102 4 rejection notice.

102 5 4. For purposes of this section, "claim" does not include
102 6 a contingent liability or a claim based on an event occurring
102 7 after the effective date of dissolution.

102 8 Sec. 143. NEW SECTION. 504.1408 UNKNOWN CLAIMS AGAINST
102 9 DISSOLVED CORPORATION.

102 10 1. A dissolved corporation may also publish notice of its
102 11 dissolution and request that persons with claims against the
102 12 corporation present them in accordance with the notice.

102 13 2. The notice must do all of the following:

102 14 a. Be published one time in a newspaper of general
102 15 circulation in the county where the dissolved corporation's
102 16 principal office is located, or, if none is located in this
102 17 state, where its registered office is or was last located.

102 18 b. Describe the information that must be included in a
102 19 claim and provide a mailing address where the claim may be
102 20 sent.

102 21 c. State that a claim against the corporation will be
102 22 barred unless a proceeding to enforce the claim is commenced
102 23 within five years after publication of the notice.

102 24 3. If the dissolved corporation publishes a newspaper
102 25 notice in accordance with subsection 2, the claim of each of
102 26 the following claimants is barred unless the claimant
102 27 commences a proceeding to enforce the claim against the
102 28 dissolved corporation within five years after the publication
102 29 date of the newspaper notice:
102 30 a. A claimant who did not receive written notice under
102 31 section 504.1407.
102 32 b. A claimant whose claim was timely sent to the dissolved
102 33 corporation but not acted on.
102 34 c. A claimant whose claim is contingent or based on an
102 35 event occurring after the effective date of dissolution.
103 1 4. A claim may be enforced under this section to the
103 2 following extent, as applicable:
103 3 a. Against the dissolved corporation, to the extent of its
103 4 undistributed assets.
103 5 b. If the assets have been distributed in liquidation,
103 6 against any person, other than a creditor of the corporation,
103 7 to whom the corporation distributed its property to the extent
103 8 of the distributee's pro rata share of the claim or the
103 9 corporate assets distributed to such person in liquidation,
103 10 whichever is less, but the distributee's total liability for
103 11 all claims under this section shall not exceed the total
103 12 amount of assets distributed to the distributee.

103 13 PART 2

103 14 ADMINISTRATIVE DISSOLUTION

103 15 Sec. 144. NEW SECTION. 504.1421 GROUNDS FOR
103 16 ADMINISTRATIVE DISSOLUTION.

103 17 The secretary of state may commence a proceeding under
103 18 section 504.1422 to administratively dissolve a corporation if
103 19 any of the following occurs:

103 20 1. The corporation does not deliver its biennial report to
103 21 the secretary of state, in a form that meets the requirements
103 22 of section 504.1613, within sixty days after the report is
103 23 due.

103 24 2. The corporation is without a registered agent or
103 25 registered office in this state for sixty days or more.

103 26 3. The corporation does not notify the secretary of state
103 27 within sixty days that its registered agent or registered
103 28 office has been changed, that its registered agent has
103 29 resigned, or that its registered office has been discontinued.

103 30 4. The corporation's period of duration, if any, stated in
103 31 its articles of incorporation expires.

103 32 Sec. 145. NEW SECTION. 504.1422 PROCEDURE FOR AND EFFECT
103 33 OF ADMINISTRATIVE DISSOLUTION.

103 34 1. Upon determining that one or more grounds exist under
103 35 section 504.1421 for dissolving a corporation, the secretary
104 1 of state shall serve the corporation with written notice of
104 2 that determination under section 504.504.

104 3 2. If the corporation does not correct each ground for
104 4 dissolution or demonstrate to the reasonable satisfaction of
104 5 the secretary of state that each ground determined by the
104 6 secretary of state does not exist within at least sixty days
104 7 after service of notice is perfected under section 504.504,
104 8 the secretary of state may administratively dissolve the
104 9 corporation by signing a certificate of dissolution that
104 10 recites the ground or grounds for dissolution and its
104 11 effective date. The secretary of state shall file the
104 12 original of the certificate of dissolution and serve a copy on
104 13 the corporation under section 504.504.

104 14 3. A corporation that is administratively dissolved
104 15 continues its corporate existence but may not carry on any
104 16 activities except those necessary to wind up and liquidate its
104 17 affairs pursuant to section 504.1406 and notify its claimants
104 18 pursuant to sections 504.1407 and 504.1408.

104 19 4. The administrative dissolution of a corporation does
104 20 not terminate the authority of its registered agent.

104 21 5. The secretary of state's administrative dissolution of
104 22 a corporation pursuant to this section appoints the secretary
104 23 of state as the corporation's agent for service of process in
104 24 any proceeding based on a cause of action which arose during
104 25 the time the corporation was authorized to transact business
104 26 in this state. Service of process on the secretary of state
104 27 under this subsection is service on the corporation. Upon
104 28 receipt of process, the secretary of state shall serve a copy
104 29 of the process on the corporation as provided in section
104 30 504.504. This subsection does not preclude service on the
104 31 corporation's registered agent, if any.

104 32 Sec. 146. NEW SECTION. 504.1423 REINSTATEMENT FOLLOWING
104 33 ADMINISTRATIVE DISSOLUTION.

104 34 1. A corporation administratively dissolved under section

104 35 504.1422 may apply to the secretary of state for reinstatement
105 1 within two years after the effective date of dissolution. The
105 2 application must state all of the following:
105 3 a. The name of the corporation and the effective date of
105 4 its administrative dissolution.
105 5 b. That the ground or grounds for dissolution either did
105 6 not exist or have been eliminated.
105 7 c. That the corporation's name satisfies the requirements
105 8 of section 504.401.
105 9 d. The federal tax identification number of the
105 10 corporation.

105 11 2. a. The secretary of state shall refer the federal tax
105 12 identification number contained in the application for
105 13 reinstatement to the department of revenue and finance. The
105 14 department of revenue and finance shall report to the
105 15 secretary of state the tax status of the corporation. If the
105 16 department reports to the secretary of state that a filing
105 17 delinquency or liability exists against the corporation, the
105 18 secretary of state shall not cancel the certificate of
105 19 dissolution until the filing delinquency or liability is
105 20 satisfied.

105 21 b. If the secretary of state determines that the
105 22 application contains the information required by subsection 1,
105 23 that a delinquency or liability reported pursuant to paragraph
105 24 "a" has been satisfied, and that all of the application
105 25 information is correct, the secretary of state shall cancel
105 26 the certificate of dissolution and prepare a certificate of
105 27 reinstatement reciting that determination and the effective
105 28 date of reinstatement, file the original of the certificate,
105 29 and serve a copy on the corporation under section 504.504. If
105 30 the corporate name in subsection 1, paragraph "c", is
105 31 different from the corporate name in subsection 1, paragraph
105 32 "a", the certificate of reinstatement shall constitute an
105 33 amendment to the articles of incorporation insofar as it
105 34 pertains to the corporate name.

105 35 3. When reinstatement is effective, it relates back to and
106 1 takes effect as of the effective date of the administrative
106 2 dissolution and the corporation shall resume carrying on its
106 3 activities as if the administrative dissolution had never
106 4 occurred.

106 5 Sec. 147. NEW SECTION. 504.1424 APPEAL FROM DENIAL OF
106 6 REINSTATEMENT.

106 7 1. The secretary of state, upon denying a corporation's
106 8 application for reinstatement following administrative
106 9 dissolution, shall serve the corporation under section 504.504
106 10 with a written notice that explains the reason or reasons for
106 11 denial.

106 12 2. The corporation may appeal the denial of reinstatement
106 13 to the district court within ninety days after service of the
106 14 notice of denial is perfected by petitioning to set aside the
106 15 dissolution and attaching to the petition copies of the
106 16 secretary of state's certificate of dissolution, the
106 17 corporation's application for reinstatement, and the secretary
106 18 of state's notice of denial of reinstatement.

106 19 3. The court may summarily order the secretary of state to
106 20 reinstate the dissolved corporation or may take other action
106 21 the court considers appropriate.

106 22 4. The court's final decision may be appealed as in other
106 23 civil proceedings.

106 24 PART 3
106 25 JUDICIAL DISSOLUTION

106 26 Sec. 148. NEW SECTION. 504.1431 GROUNDS FOR JUDICIAL
106 27 DISSOLUTION.

106 28 1. The district court may dissolve a corporation in any of
106 29 the following ways:

106 30 a. In a proceeding brought by the attorney general, if any
106 31 of the following is established:

106 32 (1) The corporation obtained its articles of incorporation
106 33 through fraud.

106 34 (2) The corporation has continued to exceed or abuse the
106 35 authority conferred upon it by law.

107 1 b. Except as provided in the articles or bylaws of a
107 2 religious corporation, in a proceeding brought by fifty
107 3 members or members holding five percent of the voting power,
107 4 whichever is less, or by a director or any person specified in
107 5 the articles, if any of the following is established:

107 6 (1) The directors are deadlocked in the management of the
107 7 corporate affairs, and the members, if any, are unable to
107 8 break the deadlock.

107 9 (2) The directors or those in control of the corporation
107 10 have acted, are acting, or will act in a manner that is

107 11 illegal, oppressive, or fraudulent.

107 12 (3) The members are deadlocked in voting power and have
107 13 failed, for a period that includes at least two consecutive
107 14 annual meeting dates, to elect successors to directors whose
107 15 terms have, or would otherwise have, expired.

107 16 (4) The corporate assets are being misapplied or wasted.

107 17 c. In a proceeding brought by a creditor, if either of the
107 18 following is established:

107 19 (1) The creditor's claim has been reduced to judgment, the
107 20 execution on the judgment is returned unsatisfied, and the
107 21 corporation is insolvent.

107 22 (2) The corporation has admitted in writing that the
107 23 creditor's claim is due and owing and the corporation is
107 24 insolvent.

107 25 d. In a proceeding brought by the corporation to have its
107 26 voluntary dissolution continued under court supervision.

107 27 2. Prior to dissolving a corporation, the court shall
107 28 consider whether:

107 29 a. There are reasonable alternatives to dissolution.

107 30 b. Dissolution is in the public interest, if the
107 31 corporation is a public benefit corporation.

107 32 c. Dissolution is the best way of protecting the interests
107 33 of members, if the corporation is a mutual benefit
107 34 corporation.

107 35 Sec. 149. NEW SECTION. 504.1432 PROCEDURE FOR JUDICIAL
108 1 DISSOLUTION.

108 2 1. Venue for a proceeding brought by the attorney general
108 3 to dissolve a corporation lies in Polk county. Venue for a
108 4 proceeding brought by any other party named in section
108 5 504.1431 lies in the county where a corporation's principal
108 6 office is located or, if none is located in this state, where
108 7 its registered office is or was last located.

108 8 2. It is not necessary to make directors or members
108 9 parties to a proceeding to dissolve a corporation unless
108 10 relief is sought against them individually.

108 11 3. A court in a proceeding brought to dissolve a
108 12 corporation may issue injunctions, appoint a receiver or
108 13 custodian pendente lite with all powers and duties the court
108 14 directs, take other action required to preserve the corporate
108 15 assets wherever located, or carry on the activities of the
108 16 corporation until a full hearing can be held.

108 17 Sec. 150. NEW SECTION. 504.1433 RECEIVERSHIP OR
108 18 CUSTODIANSHIP.

108 19 1. A court in a judicial proceeding brought to dissolve a
108 20 public benefit or mutual benefit corporation may appoint one
108 21 or more receivers to wind up and liquidate, or one or more
108 22 custodians to manage, the affairs of the corporation. The
108 23 court shall hold a hearing, after notifying all parties to the
108 24 proceeding and any interested persons designated by the court,
108 25 before appointing a receiver or custodian. The court
108 26 appointing a receiver or custodian has exclusive jurisdiction
108 27 over the corporation and all of its property wherever located.

108 28 2. The court may appoint an individual, or a domestic or
108 29 foreign business or nonprofit corporation authorized to
108 30 transact business in this state as a receiver or custodian.
108 31 The court may require the receiver or custodian to post bond,
108 32 with or without sureties, in an amount the court directs.

108 33 3. The court shall describe the powers and duties of the
108 34 receiver or custodian in its appointing order, which may be
108 35 amended including the following:

109 1 a. The receiver or custodian may dispose of all or any
109 2 part of the assets of the corporation wherever located, at a
109 3 public or private sale, if authorized by the court. However,
109 4 the receiver's or custodian's power to dispose of the assets
109 5 of the corporation is subject to any trust and other
109 6 restrictions that would be applicable to the corporation. The
109 7 receiver or custodian may sue and defend in the receiver's or
109 8 custodian's name as receiver or custodian of the corporation,
109 9 as applicable, in all courts of this state.

109 10 b. The custodian may exercise all of the powers of the
109 11 corporation, through or in place of its board of directors or
109 12 officers, to the extent necessary to manage the affairs of the
109 13 corporation in the best interests of its members and
109 14 creditors.

109 15 4. The court during a receivership may redesignate the
109 16 receiver a custodian, and during a custodianship may
109 17 redesignate the custodian a receiver, if doing so is in the
109 18 best interests of the corporation, its members, and creditors.

109 19 5. The court during the receivership or custodianship may
109 20 order compensation paid and expense disbursements or
109 21 reimbursements made to the receiver or custodian and to the

109 22 receiver's or custodian's attorney from the assets of the
109 23 corporation or proceeds from the sale of the assets.
109 24 Sec. 151. NEW SECTION. 504.1434 DECREE OF DISSOLUTION.
109 25 1. If after a hearing the court determines that one or
109 26 more grounds for judicial dissolution described in section
109 27 504.1431 exist, the court may enter a decree dissolving the
109 28 corporation and specifying the effective date of the
109 29 dissolution, and the clerk of the court shall deliver a
109 30 certified copy of the decree to the secretary of state, who
109 31 shall file it.
109 32 2. After entering the decree of dissolution, the court
109 33 shall direct the winding up of the corporation's affairs and
109 34 liquidation of the corporation in accordance with section
109 35 504.1406 and the notification of its claimants in accordance
110 1 with sections 504.1407 and 504.1408.

110 2 PART 4

110 3 MISCELLANEOUS

110 4 Sec. 152. NEW SECTION. 504.1441 DEPOSIT WITH STATE
110 5 TREASURER.

110 6 Assets of a dissolved corporation which should be
110 7 transferred to a creditor, claimant, or member of the
110 8 corporation who cannot be found or who is not competent to
110 9 receive them shall be reduced to cash subject to known trust
110 10 restrictions and deposited with the treasurer of state for
110 11 safekeeping. However, in the treasurer of state's discretion,
110 12 property may be received and held in kind. When the creditor,
110 13 claimant, or member furnishes satisfactory proof of
110 14 entitlement to the amount deposited or property held in kind,
110 15 the treasurer of state shall deliver to the creditor, member,
110 16 or other person or to the representative of the creditor,
110 17 member, or other person that amount or property.

110 18 SUBCHAPTER XV

110 19 FOREIGN CORPORATIONS

110 20 PART 1

110 21 CERTIFICATE OF AUTHORITY

110 22 Sec. 153. NEW SECTION. 504.1501 AUTHORITY TO TRANSACT
110 23 BUSINESS REQUIRED.

110 24 1. A foreign corporation shall not transact business in
110 25 this state until it obtains a certificate of authority from
110 26 the secretary of state.

110 27 2. The following activities, among others, do not
110 28 constitute transacting business within the meaning of
110 29 subsection 1:
110 30 a. Maintaining, defending, or settling any proceeding.
110 31 b. Holding meetings of the board of directors or members
110 32 or carrying on other activities concerning internal corporate
110 33 affairs.
110 34 c. Maintaining bank accounts.
110 35 d. Maintaining offices or agencies for the transfer,
111 1 exchange, or registration of memberships or securities or
111 2 maintaining trustees or depositories with respect to those
111 3 securities.
111 4 e. Selling through independent contractors.
111 5 f. Soliciting or obtaining orders, whether by mail or
111 6 through employees or agents or otherwise, if the orders
111 7 require acceptance outside this state before they become
111 8 contracts.

111 9 g. Creating or acquiring indebtedness, mortgages, or
111 10 security interests in real or personal property.
111 11 h. Securing or collecting debts or enforcing mortgages or
111 12 security interests in property securing the debts.
111 13 i. Owning, without more, real or personal property.
111 14 j. Conducting an isolated transaction that is completed
111 15 within thirty days and that is not one in the course of
111 16 repeated transactions of a like nature.

111 17 k. Transacting business in interstate commerce.
111 18 Sec. 154. NEW SECTION. 504.1502 CONSEQUENCES OF
111 19 TRANSACTING BUSINESS WITHOUT AUTHORITY.

111 20 1. A foreign corporation transacting business in this
111 21 state without a certificate of authority shall not maintain a
111 22 proceeding in any court in this state until it obtains a
111 23 certificate of authority.

111 24 2. The successor to a foreign corporation that transacted
111 25 business in this state without a certificate of authority and
111 26 the assignee of a cause of action arising out of that business
111 27 shall not maintain a proceeding on that cause of action in any
111 28 court in this state until the foreign corporation or its
111 29 successor obtains a certificate of authority.

111 30 3. A court may stay a proceeding commenced by a foreign
111 31 corporation, its successor, or assignee until the court
111 32 determines whether the foreign corporation or its successor

111 33 requires a certificate of authority. If it so determines, the
111 34 court may further stay the proceeding until the foreign
111 35 corporation or its successor obtains the certificate.

112 1 4. A foreign corporation is liable for a civil penalty of
112 2 an amount not to exceed a total of one thousand dollars if it
112 3 transacts business in this state without a certificate of
112 4 authority. The attorney general may collect all penalties due
112 5 under this subsection.

112 6 5. Notwithstanding subsections 1 and 2, the failure of a
112 7 foreign corporation to obtain a certificate of authority does
112 8 not impair the validity of its corporate acts or prevent it
112 9 from defending any proceeding in this state.

112 10 Sec. 155. NEW SECTION. 504.1503 APPLICATION FOR
112 11 CERTIFICATE OF AUTHORITY.

112 12 1. A foreign corporation may apply for a certificate of
112 13 authority to transact business in this state by delivering an
112 14 application to the secretary of state. The application must
112 15 set forth all of the following:

112 16 a. The name of the foreign corporation or, if its name is
112 17 unavailable for use in this state, a corporate name that
112 18 satisfies the requirements of section 504.1506.

112 19 b. The name of the state or country under whose law it is
112 20 incorporated.

112 21 c. The date of incorporation and period of duration.

112 22 d. The address of its principal office.

112 23 e. The address of its registered office in this state and
112 24 the name of its registered agent at that office.

112 25 f. The names and usual business or home addresses of its
112 26 current directors and officers.

112 27 g. Whether the foreign corporation has members.

112 28 2. The foreign corporation shall deliver the completed
112 29 application to the secretary of state, and shall also deliver
112 30 to the secretary of state a certificate of existence or a
112 31 document of similar import duly authenticated by the secretary
112 32 of state or other official having custody of corporate records
112 33 in the state or country under whose law it is incorporated
112 34 which is dated no earlier than ninety days prior to the date
112 35 the application is filed with the secretary of state.

113 1 Sec. 156. NEW SECTION. 504.1504 AMENDED CERTIFICATE OF
113 2 AUTHORITY.

113 3 1. A foreign corporation authorized to transact business
113 4 in this state shall obtain an amended certificate of authority
113 5 from the secretary of state if it changes any of the
113 6 following:

113 7 a. Its corporate name.

113 8 b. The period of its duration.

113 9 c. The state or country of its incorporation.

113 10 2. The requirements of section 504.1503 for obtaining an
113 11 original certificate of authority apply to obtaining an
113 12 amended certificate under this section.

113 13 Sec. 157. NEW SECTION. 504.1505 EFFECT OF CERTIFICATE OF
113 14 AUTHORITY.

113 15 1. A certificate of authority authorizes the foreign
113 16 corporation to which it is issued to transact business in this
113 17 state subject, however, to the right of the state to revoke
113 18 the certificate as provided in this chapter.

113 19 2. A foreign corporation with a valid certificate of
113 20 authority has the same rights and has the same privileges as
113 21 and, except as otherwise provided by this chapter, is subject
113 22 to the same duties, restrictions, penalties, and liabilities
113 23 now or later imposed on a domestic corporation of like
113 24 character.

113 25 3. This chapter does not authorize this state to regulate
113 26 the organization or internal affairs of a foreign corporation
113 27 authorized to transact business in this state.

113 28 Sec. 158. NEW SECTION. 504.1506 CORPORATE NAME OF
113 29 FOREIGN CORPORATION.

113 30 1. If the corporate name of a foreign corporation does not
113 31 satisfy the requirements of section 504.401, the foreign
113 32 corporation, to obtain or maintain a certificate of authority
113 33 to transact business in this state, may use a fictitious name
113 34 to transact business in this state if the corporation's real
113 35 name is unavailable and it delivers to the secretary of state
114 1 for filing a copy of the resolution of its board of directors,
114 2 certified by its secretary, adopting the fictitious name.

114 3 2. Except as authorized by subsections 3 and 4, the
114 4 corporate name of a foreign corporation, including a
114 5 fictitious name, must be distinguishable upon the records of
114 6 the secretary of state from all of the following:

114 7 a. The corporate name of a nonprofit or business
114 8 corporation incorporated or authorized to transact business in

114 9 this state.
114 10 b. A corporate name reserved or registered under section
114 11 504.402 or 504.403 or section 490.402 or 490.403.
114 12 c. The fictitious name of another foreign business or
114 13 nonprofit corporation authorized to transact business in this
114 14 state.
114 15 3. A foreign corporation may apply to the secretary of
114 16 state for authorization to use in this state the name of
114 17 another corporation incorporated or authorized to transact
114 18 business in this state that is not distinguishable upon the
114 19 records of the secretary of state from the name applied for.
114 20 The secretary of state shall authorize use of the name applied
114 21 for if either of the following applies:
114 22 a. The other corporation consents to the use in writing
114 23 and submits an undertaking in a form satisfactory to the
114 24 secretary of state to change its name to a name that is
114 25 distinguishable upon the records of the secretary of state
114 26 from the name of the applying corporation.
114 27 b. The applicant delivers to the secretary of state a
114 28 certified copy of a final judgment of a court of competent
114 29 jurisdiction establishing the applicant's right to use the
114 30 name applied for in this state.
114 31 4. A foreign corporation may use in this state the name,
114 32 including the fictitious name, of another domestic or foreign
114 33 business or nonprofit corporation that is used in this state
114 34 if the other corporation is incorporated or authorized to
114 35 transact business in this state and the foreign corporation
115 1 has filed documentation satisfactory to the secretary of state
115 2 of the occurrence of any of the following:
115 3 a. The foreign corporation has merged with the other
115 4 corporation.
115 5 b. The foreign corporation has been formed by
115 6 reorganization of the other corporation.
115 7 c. The foreign corporation has acquired all or
115 8 substantially all of the assets, including the corporate name,
115 9 of the other corporation.
115 10 5. If a foreign corporation authorized to transact
115 11 business in this state changes its corporate name to one that
115 12 does not satisfy the requirements of section 504.401, it shall
115 13 not transact business in this state under the changed name
115 14 until it adopts a name satisfying the requirements of section
115 15 504.401 and obtains an amended certificate of authority under
115 16 section 504.1504.

115 17 Sec. 159. NEW SECTION. 504.1507 REGISTERED OFFICE AND
115 18 REGISTERED AGENT OF FOREIGN CORPORATION.

115 19 Each foreign corporation authorized to transact business in
115 20 this state shall continuously maintain in this state both of
115 21 the following:

- 115 22 1. A registered office with the same address as that of
115 23 its registered agent.
- 115 24 2. A registered agent, who may be any of the following:
 - 115 25 a. An individual who resides in this state and whose
115 26 office is identical to the registered office.
 - 115 27 b. A domestic business or nonprofit corporation whose
115 28 office is identical to the registered office.
 - 115 29 c. A foreign business or nonprofit corporation authorized
115 30 to transact business in this state whose office is identical
115 31 to the registered office.

115 32 Sec. 160. NEW SECTION. 504.1508 CHANGE OF REGISTERED
115 33 OFFICE OR REGISTERED AGENT OF FOREIGN CORPORATION.

115 34 1. A foreign corporation authorized to transact business
115 35 in this state may change its registered office or registered
116 1 agent by delivering to the secretary of state for filing a
116 2 statement of change that sets forth all of the following that
116 3 apply:

- 116 4 a. The name of its registered office or registered agent.
- 116 5 b. If the current registered office is to be changed, the
116 6 address of its new registered office.
- 116 7 c. If the current registered agent is to be changed, the
116 8 name of its new registered agent and the new agent's written
116 9 consent to the appointment, either on the statement or
116 10 attached to it.
- 116 11 d. That after the change or changes are made, the
116 12 addresses of its registered office and the office of its
116 13 registered agent will be identical.

116 14 2. If a registered agent changes the address of its
116 15 business office, the agent may change the address of the
116 16 registered office of any foreign corporation for which the
116 17 agent is the registered agent by notifying the corporation in
116 18 writing of the change and signing either manually or in
116 19 facsimile and delivering to the secretary of state for filing

116 20 a statement of change that complies with the requirements of
116 21 subsection 1 and recites that the corporation has been
116 22 notified of the change.
116 23 3. If a registered agent changes the registered agent's
116 24 business address to another place, the registered agent may
116 25 change the address of the registered office of any corporation
116 26 for which the registered agent is the registered agent by
116 27 filing a statement as required in subsection 2 for each
116 28 corporation, or by filing a single statement for all
116 29 corporations named in the notice, except that it must be
116 30 signed either manually or in facsimile only by the registered
116 31 agent and must recite that a copy of the statement has been
116 32 mailed to each corporation named in the notice.
116 33 4. A corporation may also change its registered office or
116 34 registered agent in its biennial report as provided in section
116 35 504.1613.

117 1 Sec. 161. NEW SECTION. 504.1509 RESIGNATION OF
117 2 REGISTERED AGENT OF FOREIGN CORPORATION.

117 3 1. The registered agent of a foreign corporation may
117 4 resign as agent by signing and delivering to the secretary of
117 5 state for filing the original statement of resignation. The
117 6 statement of resignation may include a statement that the
117 7 registered office is also discontinued.

117 8 The registered agent shall send a copy of the statement of
117 9 resignation by certified mail to the corporation at its
117 10 principal office and to the registered office, if not
117 11 discontinued. The registered agent shall certify to the
117 12 secretary of state that the copies have been sent to the
117 13 corporation, including the date the copies were sent.

117 14 2. The agency appointment is terminated, and the
117 15 registered office discontinued if so provided, on the date on
117 16 which the statement is filed with the secretary of state.

117 17 Sec. 162. NEW SECTION. 504.1510 SERVICE ON FOREIGN
117 18 CORPORATION.

117 19 1. The registered agent of a foreign corporation
117 20 authorized to transact business in this state is the
117 21 corporation's agent for service of process, notice, or demand
117 22 required or permitted by law to be served on the foreign
117 23 corporation.

117 24 2. A foreign corporation may be served by registered or
117 25 certified mail, return receipt requested, addressed to the
117 26 secretary of the foreign corporation at its principal office
117 27 shown in its application for a certificate of authority or in
117 28 its most recent biennial report filed under section 504.1613
117 29 if any of the following conditions apply:

117 30 a. The foreign corporation has no registered agent or its
117 31 registered agent cannot with reasonable diligence be served.

117 32 b. The foreign corporation has withdrawn from transacting
117 33 business in this state under section 504.1521.

117 34 c. The foreign corporation has had its certificate of
117 35 authority revoked under section 504.1532.

118 1 3. Service is perfected under subsection 2 at the earliest
118 2 of any of the following:

118 3 a. The date the foreign corporation receives the mail.

118 4 b. The date shown on the return receipt, if signed on
118 5 behalf of the foreign corporation.

118 6 c. Five days after its deposit in the United States mail,
118 7 as evidenced by the postmark, if mailed postpaid and correctly
118 8 addressed.

118 9 4. This section does not prescribe the only means, or
118 10 necessarily the required means, of serving a foreign
118 11 corporation. A foreign corporation may also be served in any
118 12 other manner permitted by law.

118 13 PART 2
118 14 WITHDRAWAL

118 15 Sec. 163. NEW SECTION. 504.1521 WITHDRAWAL OF FOREIGN
118 16 CORPORATION.

118 17 1. A foreign corporation authorized to transact business
118 18 in this state shall not withdraw from this state until it
118 19 obtains a certificate of withdrawal from the secretary of
118 20 state.

118 21 2. A foreign corporation authorized to transact business
118 22 in this state may apply for a certificate of withdrawal by
118 23 delivering an application to the secretary of state for
118 24 filing. The application shall set forth all of the following:

118 25 a. The name of the foreign corporation and the name of the
118 26 state or country under whose law it is incorporated.

118 27 b. That it is not transacting business in this state and
118 28 that it surrenders its authority to transact business in this
118 29 state.

118 30 c. That it revokes the authority of its registered agent

118 31 to accept service on its behalf and appoints the secretary of
118 32 state as its agent for service of process in any proceeding
118 33 based on a cause of action arising during the time it was
118 34 authorized to do business in this state.

118 35 d. A mailing address to which the secretary of state may
119 1 mail a copy of any process served on the secretary of state
119 2 under paragraph "c".

119 3 3. After the withdrawal of the corporation is effective,
119 4 service of process on the secretary of state under this
119 5 section is service on the foreign corporation. Upon receipt
119 6 of process, the secretary of state shall mail a copy of the
119 7 process to the foreign corporation at the mailing address set
119 8 forth in its application for withdrawal.

119 9 PART 3
119 10 REVOCATION OF CERTIFICATE OF AUTHORITY

119 11 Sec. 164. NEW SECTION. 504.1531 GROUNDS FOR REVOCATION.

119 12 1. The secretary of state may commence a proceeding under
119 13 section 504.1532 to revoke the certificate of authority of a
119 14 foreign corporation authorized to transact business in this
119 15 state if any of the following applies:

119 16 a. The foreign corporation does not deliver the biennial
119 17 report to the secretary of state in a form that meets the
119 18 requirements of section 504.1613 within sixty days after it is
119 19 due.

119 20 b. The foreign corporation is without a registered agent
119 21 or registered office in this state for sixty days or more.

119 22 c. The foreign corporation does not inform the secretary
119 23 of state under section 504.1508 or 504.1509 that its
119 24 registered agent or registered office has changed, that its
119 25 registered agent has resigned, or that its registered office
119 26 has been discontinued within ninety days of the change,
119 27 resignation, or discontinuance.

119 28 d. An incorporator, director, officer, or agent of the
119 29 foreign corporation signed a document that such person knew
119 30 was false in any material respect with intent that the
119 31 document be delivered to the secretary of state for filing.

119 32 e. The secretary of state receives a duly authenticated
119 33 certificate from the secretary of state or other official
119 34 having custody of corporate records in the state or country
119 35 under whose law the foreign corporation is incorporated,
120 1 stating that it has been dissolved or disappeared as the
120 2 result of a merger.

120 3 2. The attorney general may commence a proceeding under
120 4 section 504.1532 to revoke the certificate of authority of a
120 5 foreign corporation authorized to transact business in this
120 6 state if the corporation has continued to exceed or abuse the
120 7 authority conferred upon it by law.

120 8 Sec. 165. NEW SECTION. 504.1532 PROCEDURE FOR AND EFFECT
120 9 OF REVOCATION.

120 10 1. The secretary of state, upon determining that one or
120 11 more grounds exist under section 504.1531 for revocation of a
120 12 certificate of authority, shall serve the foreign corporation
120 13 with written notice of that determination under section
120 14 504.1510.

120 15 2. The attorney general, upon determining that one or more
120 16 grounds exist under section 504.1531, subsection 2, for
120 17 revocation of a certificate of authority, shall request the
120 18 secretary of state to serve, and the secretary of state shall
120 19 serve, the foreign corporation with written notice of that
120 20 determination under section 504.1510.

120 21 3. If the foreign corporation does not correct each ground
120 22 for revocation or demonstrate to the reasonable satisfaction
120 23 of the secretary of state or attorney general that each ground
120 24 for revocation determined by the secretary of state or
120 25 attorney general does not exist within sixty days after
120 26 service of the notice is perfected under section 504.1510, the
120 27 secretary of state may revoke the foreign corporation's
120 28 certificate of authority by signing a certificate of
120 29 revocation that recites the ground or grounds for revocation
120 30 and its effective date. The secretary of state shall file the
120 31 original of the certificate and serve a copy on the foreign
120 32 corporation under section 504.1510.

120 33 4. The authority of a foreign corporation to transact
120 34 business in this state ceases on the date shown on the
120 35 certificate revoking its certificate of authority.

121 1 5. The secretary of state's revocation of a foreign
121 2 corporation's certificate of authority appoints the secretary
121 3 of state the foreign corporation's agent for service of
121 4 process in any proceeding based on a cause of action that
121 5 arose during the time the foreign corporation was authorized
121 6 to transact business in this state. Service of process on the

121 7 secretary of state under this subsection is service on the
121 8 foreign corporation. Upon receipt of process, the secretary
121 9 of state shall mail a copy of the process to the secretary of
121 10 the foreign corporation at its principal office shown in its
121 11 most recent biennial report or in any subsequent
121 12 communications received from the corporation stating the
121 13 current mailing address of its principal office, or, if none
121 14 are on file, in its application for a certificate of
121 15 authority.

121 16 6. Revocation of a foreign corporation's certificate of
121 17 authority does not terminate the authority of the registered
121 18 agent of the corporation.

121 19 Sec. 166. NEW SECTION. 504.1533 APPEAL FROM REVOCATION.

121 20 1. A foreign corporation may appeal the secretary of
121 21 state's revocation of its certificate of authority to the
121 22 district court within thirty days after the service of the
121 23 certificate of revocation is perfected under section 504.1510
121 24 by petitioning to set aside the revocation and attaching to
121 25 the petition copies of its certificate of authority and the
121 26 secretary of state's certificate of revocation.

121 27 2. The court may summarily order the secretary of state to
121 28 reinstate the certificate of authority or may take any other
121 29 action the court considers appropriate.

121 30 3. The court's final decision may be appealed as in other
121 31 civil proceedings.

121 32 SUBCHAPTER XVI
121 33 RECORDS AND REPORTS

121 34 PART 1
121 35 RECORDS

122 1 Sec. 167. NEW SECTION. 504.1601 CORPORATE RECORDS.

122 2 1. A corporation shall keep as permanent records minutes
122 3 of all meetings of its members and board of directors, a
122 4 record of all actions taken by the members or directors
122 5 without a meeting, and a record of all actions taken by
122 6 committees of the board of directors as authorized by section
122 7 504.826, subsection 4.

122 8 2. A corporation shall maintain appropriate accounting
122 9 records.

122 10 3. A corporation or its agent shall maintain a record of
122 11 its members in a form that permits preparation of a list of
122 12 the names and addresses of all members, in alphabetical order
122 13 by class, showing the number of votes each member is entitled
122 14 to vote.

122 15 4. A corporation shall maintain its records in written
122 16 form or in another form capable of conversion into written
122 17 form within a reasonable time.

122 18 5. A corporation shall keep a copy of all of the following
122 19 records:

122 20 a. Its articles or restated articles of incorporation and
122 21 all amendments to them currently in effect.

122 22 b. Its bylaws or restated bylaws and all amendments to
122 23 them currently in effect.

122 24 c. Resolutions adopted by its board of directors relating
122 25 to the characteristics, qualifications, rights, limitations,
122 26 and obligations of members or any class or category of
122 27 members.

122 28 d. The minutes of all meetings of members and records of
122 29 all actions approved by the members for the past three years.

122 30 e. All written communications to members generally within
122 31 the past three years, including the financial statements
122 32 furnished for the past three years under section 504.1611.

122 33 f. A list of the names and business or home addresses of
122 34 its current directors and officers.

122 35 g. Its most recent biennial report delivered to the
123 1 secretary of state under section 504.1613.

123 2 Sec. 168. NEW SECTION. 504.1602 INSPECTION OF RECORDS BY
123 3 MEMBERS.

123 4 1. Subject to subsection 5, a member is entitled to
123 5 inspect and copy, at a reasonable time and location specified
123 6 by the corporation, any of the records of the corporation
123 7 described in section 504.1601, subsection 5, if the member
123 8 gives the corporation written notice or a written demand at
123 9 least five business days before the date on which the member
123 10 wishes to inspect and copy.

123 11 2. Subject to subsection 5 and 6, a member is entitled to
123 12 inspect and copy, at a reasonable time and reasonable location
123 13 specified by the corporation, any of the following records of
123 14 the corporation if the member meets the requirements of
123 15 subsection 3 and gives the corporation written notice at least
123 16 ten business days before the date on which the member wishes
123 17 to inspect and copy:

123 18 a. Excerpts from any records required to be maintained
123 19 under section 504.1601, subsection 1, to the extent not
123 20 subject to inspection under section 504.1602, subsection 1.
123 21 b. Accounting records of the corporation.
123 22 c. The membership list.
123 23 3. A member may inspect and copy the records identified in
123 24 subsection 2 only if all of the following apply:
123 25 a. The member's demand is made in good faith and for a
123 26 proper purpose.
123 27 b. The member describes with reasonable particularity the
123 28 purpose of the demand and the records the member desires to
123 29 inspect.
123 30 c. The records are directly connected to the purpose
123 31 described.
123 32 d. The board consents, if consent is required by section
123 33 504.1605.
123 34 4. This section does not affect either of the following:
123 35 a. The right of a member to inspect records under section
124 1 504.711 or, if the member is in litigation with the
124 2 corporation, to the same extent as any other litigant.
124 3 b. The power of a court, independently of this chapter, to
124 4 compel the production of corporate records for examination.
124 5 5. The articles or bylaws of a religious corporation may
124 6 limit or abolish the right of a member under this section to
124 7 inspect and copy any corporate record.
124 8 6. A corporation may, within ten business days after
124 9 receiving a demand for inspection of a membership list under
124 10 section 504.711 or subsection 2 of this section, respond to
124 11 the demand with a written proposal offering a reasonable
124 12 alternative to the demand for inspection that will achieve the
124 13 purpose of the demand without providing access to or a copy of
124 14 the membership list. A proposal offering an alternative that
124 15 reasonably and in a timely manner accomplishes a proper
124 16 purpose identified in a demand for inspection shall be
124 17 considered to offer a reasonable alternative. A proposal for
124 18 a reasonable alternative that has been accepted by the person
124 19 making the demand for inspection shall cease to be considered
124 20 a reasonable alternative if the terms of the proposal are not
124 21 carried out by the corporation within a reasonable time after
124 22 acceptance of the proposal. For the purposes of this
124 23 subsection, a reasonable alternative may include, but is not
124 24 limited to, a communication prepared by a member and mailed by
124 25 the corporation at the expense of the member.
124 26 Sec. 169. NEW SECTION. 504.1603 SCOPE OF INSPECTION
124 27 RIGHT.
124 28 1. A member's agent or attorney has the same inspection
124 29 and copying rights as the member the agent or attorney
124 30 represents.
124 31 2. The right to copy records under section 504.1602
124 32 includes, if reasonable, the right to receive copies made by
124 33 photographic, xerographic, or other means.
124 34 3. The corporation may impose a reasonable charge,
124 35 covering the costs of labor and material, for copies of any
125 1 documents provided to the member. The charge shall not exceed
125 2 the estimated cost of production or reproduction of the
125 3 records.
125 4 4. The corporation may comply with a member's demand to
125 5 inspect the record of members under section 504.1602,
125 6 subsection 2, paragraph "c", by providing the member with a
125 7 list of its members that was compiled no earlier than the date
125 8 of the member's demand.
125 9 Sec. 170. NEW SECTION. 504.1604 COURT-ORDERED
125 10 INSPECTION.
125 11 1. If a corporation does not allow a member who complies
125 12 with section 504.1602, subsection 1, to inspect and copy any
125 13 records required by that subsection to be available for
125 14 inspection, the district court in the county where the
125 15 corporation's principal office is located or, if none is
125 16 located in this state, where its registered office is located,
125 17 may summarily order inspection and copying of the records
125 18 demanded at the corporation's expense upon application of the
125 19 member.
125 20 2. If a corporation does not within a reasonable time
125 21 allow a member to inspect and copy any other records, or
125 22 propose a reasonable alternative to such inspection and
125 23 copying, the member who complies with section 504.1602,
125 24 subsections 2 and 3, may apply to the district court in the
125 25 county where the corporation's principal office is located or,
125 26 if none is located in this state, where its registered office
125 27 is located, for an order to permit inspection and copying of
125 28 the records demanded. The court shall dispose of an

125 29 application under this subsection on an expedited basis.
125 30 3. If the court orders inspection and copying of the
125 31 records demanded or other relief deemed appropriate by the
125 32 court, it shall also order the corporation to pay the member's
125 33 costs, including reasonable attorney fees incurred, to obtain
125 34 the order unless the corporation proves that it refused
125 35 inspection in good faith because it had a reasonable basis for
126 1 doubt about the right of the member to inspect the records
126 2 demanded.

126 3 4. If the court orders inspection and copying of the
126 4 records demanded or other relief deemed appropriate by the
126 5 court, it may impose reasonable restrictions on the use or
126 6 distribution of the records by the demanding member.

126 7 Sec. 171. NEW SECTION. 504.1605 LIMITATIONS ON USE OF
126 8 CORPORATE RECORDS.

126 9 Without consent of the board, no corporate record may be
126 10 obtained or used by any person for any purpose unrelated to a
126 11 member's interest as a member. Without limiting the
126 12 generality of the foregoing, without the consent of the board,
126 13 corporate records including, without limitation, a membership
126 14 list or any part thereof, shall not be used for any of the
126 15 following:

126 16 1. To solicit money or property unless such money or
126 17 property will be used solely to solicit the votes of the
126 18 members in an election to be held by the corporation.

126 19 2. For any commercial purpose.

126 20 3. For sale to or purchase by any person.

126 21 4. For any purpose that is detrimental to the interests of
126 22 the corporation.

126 23 Sec. 172. NEW SECTION. 504.1606 INSPECTION OF RECORDS BY
126 24 DIRECTORS.

126 25 1. A director of a corporation is entitled to inspect and
126 26 copy the books, records, and documents of the corporation at
126 27 any reasonable time to the extent reasonably related to the
126 28 performance of the director's duties as a director, including
126 29 duties as a member of a committee, but not for any other
126 30 purpose or in any manner that would violate any duty to the
126 31 corporation.

126 32 2. The district court of the county where the
126 33 corporation's principal office, or if none in this state, its
126 34 registered office, is located may order inspection and copying
126 35 of the books, records, and documents at the corporation's
127 1 expense, upon application of a director who has been refused
127 2 such inspection rights, unless the corporation establishes
127 3 that the director is not entitled to such inspection rights.
127 4 The court shall dispose of an application under this
127 5 subsection on an expedited basis.

127 6 3. If an order is issued, the court may include provisions
127 7 protecting the corporation from undue burden or expense, and
127 8 prohibiting the director from using information obtained upon
127 9 exercise of the inspection rights in a manner that would
127 10 violate a duty to the corporation, and may also order the
127 11 corporation to reimburse the director for the director's
127 12 costs, including reasonable counsel fees, incurred in
127 13 connection with the application.

127 14 PART 2
127 15 REPORTS

127 16 Sec. 173. NEW SECTION. 504.1611 FINANCIAL STATEMENTS FOR
127 17 MEMBERS.

127 18 1. Except as provided in the articles or bylaws of a
127 19 religious corporation, a corporation upon written demand from
127 20 a member shall furnish that member the corporation's latest
127 21 annual financial statements, which may be consolidated or
127 22 combined statements of the corporation and one or more of its
127 23 subsidiaries or affiliates, as appropriate, that include a
127 24 balance sheet as of the end of the fiscal year and a statement
127 25 of operations for that year.

127 26 2. If annual financial statements are reported upon by a
127 27 public accountant, the accountant's report must accompany
127 28 them.

127 29 Sec. 174. NEW SECTION. 504.1612 REPORT OF
127 30 INDEMNIFICATION TO MEMBERS.

127 31 If a corporation indemnifies or advances expenses to a
127 32 director under section 504.852, 504.853, 504.854, or 504.855
127 33 in connection with a proceeding by or in the right of the
127 34 corporation, the corporation shall report the indemnification
127 35 or advance in writing to the members with or before the notice
128 1 of the next meeting of members.

128 2 Sec. 175. NEW SECTION. 504.1613 BIENNIAL REPORT FOR
128 3 SECRETARY OF STATE.

128 4 1. Each domestic corporation, and each foreign corporation

128 5 authorized to transact business in this state, shall deliver
128 6 to the secretary of state for filing a biennial report on a
128 7 form prescribed and furnished by the secretary of state that
128 8 sets forth all of the following:
128 9 a. The name of the corporation and the state or country
128 10 under whose law it is incorporated.
128 11 b. The address of the corporation's registered office and
128 12 the name of the corporation's registered agent at that office
128 13 in this state, together with the consent of any new registered
128 14 agent.
128 15 c. The address of the corporation's principal office.
128 16 d. The names and addresses of the president, secretary,
128 17 treasurer, and one member of the board of directors.
128 18 e. Whether or not the corporation has members.
128 19 2. The information in the biennial report must be current
128 20 on the date the biennial report is executed on behalf of the
128 21 corporation.
128 22 3. The first biennial report shall be delivered to the
128 23 secretary of state between January 1 and April 1 of the first
128 24 odd-numbered year following the calendar year in which a
128 25 domestic corporation was incorporated or a foreign corporation
128 26 was authorized to transact business. Subsequent biennial
128 27 reports must be delivered to the secretary of state between
128 28 January 1 and April 1 of the following odd-numbered calendar
128 29 years.
128 30 4. a. If a biennial report does not contain the
128 31 information required by this section, the secretary of state
128 32 shall promptly notify the reporting domestic or foreign
128 33 corporation in writing and return the report to the
128 34 corporation for correction.
128 35 b. A filing fee for the biennial report shall be
129 1 determined by the secretary of state.
129 2 c. For purposes of this section, each biennial report
129 3 shall contain information related to the two-year period
129 4 immediately preceding the calendar year in which the report is
129 5 filed.
129 6 5. The secretary of state may provide for the change of
129 7 registered office or registered agent on the form prescribed
129 8 by the secretary of state for the biennial report, provided
129 9 that the form contains the information required in section
129 10 504.502 or 504.503. If the secretary of state determines that
129 11 a biennial report does not contain the information required by
129 12 this section but otherwise meets the requirements of section
129 13 504.502 or 504.503 for the purpose of changing the registered
129 14 office or registered agent, the secretary of state shall file
129 15 the statement of change of registered office or registered
129 16 agent, effective as provided in section 504.114, before
129 17 returning the biennial report to the corporation as provided
129 18 in this section. A statement of change of registered office
129 19 or agent pursuant to this subsection shall be executed by a
129 20 person authorized to execute the biennial report.

129 21 SUBCHAPTER XVII

129 22 TRANSITION PROVISIONS

129 23 Sec. 176. NEW SECTION. 504.1701 APPLICATION TO EXISTING
129 24 DOMESTIC CORPORATIONS.

129 25 1. A domestic corporation that is incorporated under
129 26 chapter 504A is subject to this chapter beginning on July 1,
129 27 2005.
129 28 2. Prior to July 1, 2005, only the following corporations
129 29 are subject to the provisions of this chapter:
129 30 a. A corporation formed on or after January 1, 2005.
129 31 b. A corporation incorporated under chapter 504A, that
129 32 voluntarily elects to be subject to the provisions of this
129 33 chapter, in accordance with the procedures set forth in
129 34 subsection 3.
129 35 3. A corporation incorporated under chapter 504A may
130 1 voluntarily elect to be subject to the provisions of this
130 2 chapter by doing all of the following:
130 3 a. The corporation shall amend or restate its articles of
130 4 incorporation to indicate that the corporation voluntarily
130 5 elects to be subject to the provisions of this chapter.
130 6 b. The corporation shall deliver a copy of the amended or
130 7 restated articles of incorporation to the secretary of state
130 8 for filing and recording in the office of the secretary of
130 9 state.
130 10 4. After the amended or restated articles of incorporation
130 11 have been filed with the secretary of state all of the
130 12 following shall occur:
130 13 a. The corporation shall be subject to all provisions of
130 14 this chapter.
130 15 b. The secretary of state shall issue a certificate of

130 16 filing of the corporation's amended or restated articles of
130 17 incorporation indicating that the corporation has made a
130 18 voluntary election to be subject to the provisions of this
130 19 chapter and shall deliver the certificate to the corporation
130 20 or to the corporation's representative.
130 21 c. The secretary of state shall not file the amended or
130 22 restated articles of incorporation of a corporation pursuant
130 23 to this subsection unless at the time of filing the
130 24 corporation is validly organized under the chapter under which
130 25 it is incorporated, and has filed all biennial reports that
130 26 are required and paid all fees that are due in connection with
130 27 such reports.

130 28 5. The voluntary election of a corporation to be subject
130 29 to the provisions of this chapter that is made pursuant to
130 30 this section does not affect any right accrued or established,
130 31 or any liability or penalty incurred by the corporation
130 32 pursuant to the chapter under which the corporation was
130 33 organized prior to such voluntary election.

130 34 Sec. 177. NEW SECTION. 504.1702 APPLICATION TO QUALIFIED
130 35 FOREIGN CORPORATIONS.

131 1 A foreign corporation authorized to transact business in
131 2 this state prior to January 1, 2005, is subject to this
131 3 chapter beginning on July 1, 2005, but is not required to
131 4 obtain a new certificate of authority to transact business
131 5 under this chapter.

131 6 Sec. 178. NEW SECTION. 504.1703 SAVINGS PROVISIONS.

131 7 1. Except as provided in subsection 2, the repeal of a
131 8 statute by this Act does not affect any of the following:

131 9 a. The operation of the statute or any action taken under
131 10 it before its repeal.

131 11 b. Any ratification, right, remedy, privilege, obligation,
131 12 or liability acquired, accrued, or incurred under the statute
131 13 before its repeal.

131 14 c. Any violation of the statute or any penalty,
131 15 forfeiture, or punishment incurred because of the violation,
131 16 before its repeal.

131 17 d. Any proceeding, reorganization, or dissolution
131 18 commenced under the statute before its repeal, and the
131 19 proceeding, reorganization, or dissolution may be completed in
131 20 accordance with the statute as if it had not been repealed.

131 21 2. If a penalty or punishment imposed for violation of a
131 22 statute repealed by this Act is reduced by this chapter, the
131 23 penalty or punishment, if not already imposed, shall be
131 24 imposed in accordance with this chapter.

131 25 Sec. 179. NEW SECTION. 504.1704 SEVERABILITY.

131 26 If any provision of this chapter or its application to any
131 27 person or circumstance is held invalid by a court of competent
131 28 jurisdiction, the invalidity does not affect other provisions
131 29 or applications of the chapter that can be given effect
131 30 without the invalid provision or application, and to this end
131 31 the provisions of the chapter are severable.

131 32 Sec. 180. NEW SECTION. 504.1705 PUBLIC BENEFIT, MUTUAL
131 33 BENEFIT, AND RELIGIOUS CORPORATIONS.

131 34 For the purposes of this chapter, each domestic corporation
131 35 shall be deemed a public benefit, mutual benefit, or religious
132 1 corporation as follows:

132 2 1. A corporation designated by statute as a public benefit
132 3 corporation, a mutual benefit corporation, or a religious
132 4 corporation is deemed to be the type of corporation designated
132 5 by that statute.

132 6 2. A corporation that does not come within subsection 1
132 7 but is organized primarily or exclusively for religious
132 8 purposes is a religious corporation.

132 9 3. A corporation that does not come within subsection 1 or
132 10 2 but which is recognized as exempt under section 501(c)(3) of
132 11 the Internal Revenue Code, or any successor section, is a
132 12 public benefit corporation.

132 13 4. A corporation that does not come within subsection 1,
132 14 2, or 3, but which is organized for a public or charitable
132 15 purpose and which upon dissolution must distribute its assets
132 16 to a public benefit corporation, the United States, a state,
132 17 or a person recognized as exempt under section 501(c)(3) of
132 18 the Internal Revenue Code, or any successor section, is a
132 19 public benefit corporation.

132 20 5. A corporation that does not come within subsection 1,
132 21 2, 3, or 4 is a mutual benefit corporation.

132 22 Sec. 181. Section 15E.64, subsection 2, unnumbered
132 23 paragraph 1, Code 2003, is amended to read as follows:

132 24 To facilitate the organization of an Iowa capital
132 25 investment corporation, both of the following persons shall
132 26 serve as incorporators as provided in section 504.201 or

132 27 504A.28, as applicable:

132 28 Sec. 182. Section 230A.12, unnumbered paragraph 1, Code
132 29 Supplement 2003, is amended to read as follows:

132 30 Each community mental health center established or
132 31 continued in operation pursuant to section 230A.3, shall be
132 32 organized under the Iowa nonprofit corporation Act appearing
132 33 as chapter 504A, Code and Code Supplement 2003, except that a
132 34 community mental health center organized after January 1,
132 35 2005, and a community mental health center continued in
133 1 operation after July 1, 2005, shall be organized under the
133 2 revised Iowa nonprofit corporation Act appearing as chapter
133 3 504, and except that a community mental health center
133 4 organized under former chapter 504 prior to July 1, 1974, and
133 5 existing under the provisions of chapter 504, Code 1989, shall
133 6 not be required by this chapter to adopt the Iowa nonprofit
133 7 corporation Act or the revised Iowa nonprofit corporation Act
133 8 if it is not otherwise required to do so by law. The board of
133 9 directors of each such community mental health center shall
133 10 enter into an agreement with the county or affiliated counties
133 11 which are to be served by the center, which agreement shall
133 12 include but need not be limited to the period of time for
133 13 which the agreement is to be in force, what services the
133 14 center is to provide for residents of the county or counties
133 15 to be served, standards the center is to follow in determining
133 16 whether and to what extent persons seeking services from the
133 17 center shall be considered able to pay the cost of the
133 18 services received, and policies regarding availability of the
133 19 center's services to persons who are not residents of the
133 20 county or counties served by the center. The board of
133 21 directors, in addition to exercising the powers of the board
133 22 of directors of a nonprofit corporation may:

133 23 Sec. 183. Section 490.401, subsection 2, paragraph b, Code
133 24 2003, is amended to read as follows:

133 25 b. A corporate name reserved or registered under section
133 26 490.402, 490.403, 504.402, or 504A.7.

133 27 Sec. 184. Section 497.22, unnumbered paragraph 1, Code
133 28 2003, is amended to read as follows:

133 29 ~~Sections~~ Section 504.1613 or sections 504A.83 and 504A.84
133 30 apply to a cooperative association organized under this
133 31 chapter in the same manner as those sections apply to a
133 32 corporation organized under chapter 504 or 504A. In addition
133 33 to the information required to be set forth in the biennial
133 34 report under section 504.1613 or 504A.83, the cooperative
133 35 association shall also set forth the total amount of business
134 1 transacted, number of members, total expense of operation,
134 2 total amount of indebtedness, and total profits or losses for
134 3 each calendar or fiscal year of the two-year period which
134 4 ended immediately preceding the first day of January of the
134 5 year in which the report is filed.

134 6 Sec. 185. Section 498.24, unnumbered paragraph 1, Code
134 7 2003, is amended to read as follows:

134 8 ~~Sections~~ Section 504.1613 or sections 504A.83 and 504A.84
134 9 apply to a cooperative association organized under this
134 10 chapter in the same manner as those sections apply to a
134 11 corporation organized under chapter 504 or 504A. In addition
134 12 to the information required to be set forth in the biennial
134 13 report under section 504.1613 or 504A.83, the cooperative
134 14 association shall also set forth the total amount of business
134 15 transacted, number of members, total expense of operation,
134 16 total amount of indebtedness, and total profits or losses for
134 17 each calendar or fiscal year of the two-year period which
134 18 ended immediately preceding the first day of January of the
134 19 year in which the report is filed.

134 20 Sec. 186. Section 499.49, Code 2003, is amended to read as
134 21 follows:

134 22 499.49 BIENNIAL REPORT.

134 23 ~~Sections~~ Section 504.1613 or sections 504A.83 and 504A.84
134 24 apply to a cooperative organized under this chapter in the
134 25 same manner as those sections apply to a corporation organized
134 26 under chapter 504 or 504A. In addition to the information
134 27 required to be set forth in the biennial report under section
134 28 504.1613 or 504A.83, the cooperative shall also set forth the
134 29 number of members of the cooperative, the percentage of the
134 30 cooperative's business done with or for its own members during
134 31 each of the fiscal or calendar years of the preceding two-year
134 32 period, the percentage of the cooperative's business done with
134 33 or for each class of nonmembers specified in section 499.3,
134 34 and any other information deemed necessary by the secretary of
134 35 state to advise the secretary whether the cooperative is
135 1 actually functioning as a cooperative.

135 2 Sec. 187. Section 504A.102, Code 2003, is amended to read

135 3 as follows:
135 4 504A.102 FARM AID ASSOCIATIONS == TERMINATION AND ELECTION
135 5 TO BE GOVERNED UNDER THE IOWA NONPROFIT CORPORATION ACT OR
135 6 REVISED IOWA NONPROFIT CORPORATION ACT.

135 7 1. TERMINATION. A corporation incorporated and governed
135 8 under chapter 176 as an association organized under chapter
135 9 176 prior to July 1, 2005, that is not governed as a
135 10 corporation under this chapter ~~on or before~~ January 1, 2005,
135 11 or under chapter 504 on or after January 1, 2005, but prior to
135 12 June 30, 2005, as provided in this section is terminated on
135 13 July 1, 2005.

135 14 2. ELECTION PROCEDURE. A corporation incorporated and
135 15 governed under chapter 176 as an association organized under
135 16 chapter 176 prior to July 1, 2005, may elect to be governed as
135 17 a corporation under this chapter prior to January 1, 2005, or
135 18 under chapter 504 on or after January 1, 2005, but prior to
135 19 July 1, 2005. The association governed under chapter 176
135 20 shall be a corporation governed under this chapter or chapter
135 21 504 by complying with all of the following requirements:

135 22 a. The adoption of a resolution or resolutions at a
135 23 meeting of the board of directors upon receiving the vote of a
135 24 majority of the directors in office and of the members of the
135 25 association in the same manner as provided in section 504A.35
135 26 or 504.1003. The resolution or resolutions shall recite that
135 27 the association voluntarily elects to be governed as a
135 28 corporation under this chapter. The resolution must designate
135 29 the address of the association's initial registered office and
135 30 the name of the association's registered agent at that office,
135 31 if any.

135 32 b. The adoption of articles of incorporation in compliance
135 33 with section 504A.29 or 504.202 at a meeting of the board of
135 34 directors upon receiving the vote of a majority of the
135 35 directors in office and of the members of the association in
136 1 the same manner as provided in section 504A.35 or 504.1003.
136 2 The articles of incorporation may be a restatement,
136 3 substitution, or amendment of articles of incorporation
136 4 adopted by the association pursuant to section 176.3. The
136 5 articles of incorporation may be made part of the resolution
136 6 or resolutions adopted by the association pursuant to
136 7 paragraph "a" of this subsection.

136 8 c. Upon the adoption of a resolution or resolutions and
136 9 articles of incorporation as provided in paragraphs "a" and
136 10 "b" of this subsection, the president or vice president and
136 11 secretary or an assistant secretary shall execute an
136 12 instrument of verification. The instrument of verification
136 13 shall certify all of the following:

136 14 (1) The association name as provided in the association's
136 15 articles of incorporation pursuant to section 176.3 and the
136 16 new corporation's corporate name, if different, as provided in
136 17 section 504A.6 or 504.401.

136 18 (2) An identification of each resolution adopted under
136 19 paragraph "a" of this subsection, including the date of each
136 20 resolution's adoption, and a recitation that each resolution
136 21 and the articles of incorporation for the new corporation are
136 22 filed with the office of secretary of state.

136 23 (3) The address of the new corporation's registered office
136 24 and the name of the new corporation's registered agent as
136 25 provided in section 504A.8 or 504.501.

136 26 d. All of the following shall be delivered to the office
136 27 of the secretary of state for filing and recording as provided
136 28 in section 504A.30 or 504.111:

136 29 (1) Each resolution adopted pursuant to paragraph "a" of
136 30 this subsection.

136 31 (2) The new corporation's articles of incorporation
136 32 adopted pursuant to paragraph "b" of this subsection.

136 33 (3) The instrument of verification that is executed
136 34 pursuant to paragraph "c" of this subsection.

136 35 3. CERTIFICATE OF INCORPORATION. ~~Upon~~ For an association
137 1 electing to be governed under this chapter prior to January 1,
137 2 2005, upon filing of the resolution or resolutions, the
137 3 articles of incorporation, and the instrument of verification
137 4 as provided in subsection 2, the office of secretary of state
137 5 shall issue a certificate of incorporation and send the
137 6 certificate to the corporation or its representative as
137 7 provided in section 504A.30. For an association electing to
137 8 be governed under chapter 504 on or after January 1, 2005, but
137 9 prior to July 1, 2005, unless a delayed effective date is
137 10 specified, the corporate existence begins when the articles of
137 11 incorporation are filed as provided in section 504.203.

137 12 4. LIABILITIES AND RIGHTS PRIOR TO THE ELECTION. An
137 13 association's election to be governed as a corporation under

137 14 this chapter or chapter 504 does not affect any right accrued
137 15 or established, or any liability or penalty incurred, under
137 16 the provisions of chapter 176, prior to filing of the
137 17 resolution or resolutions, articles of incorporation, and
137 18 instrument of verification by the association as provided in
137 19 subsection 2.

137 20 5. REPEAL. This section is repealed on July 1, 2005.

137 21 Sec. 188. Section 534.501, subsection 4, Code 2003, is
137 22 amended to read as follows:

137 23 4. AMENDMENT PROCEDURE. The procedure for amending
137 24 articles of incorporation or adopting restated articles for
137 25 mutual associations is that specified in section 504A.35 or
137 26 chapter 504, subchapter 10, as applicable, and for stock
137 27 associations it is that specified in section 490.726 and
137 28 sections 490.1002 through 490.1005.

137 29 Sec. 189. Section 602.8102, subsection 70, Code Supplement
137 30 2003, is amended to read as follows:

137 31 70. Certify a copy of a decree of dissolution of a
137 32 nonprofit corporation to the secretary of state and the
137 33 recorder in the county in which the corporation is located as
137 34 provided in section 504A.62 or 504.1434, as applicable.

137 35 Sec. 190. Chapter 504A, Code 2005, is repealed effective
138 1 July 1, 2005.

138 2 Sec. 191. CODE EDITOR DIRECTIVE. After July 1, 2005, the
138 3 Code editor is directed to remove Code references to chapter
138 4 504A as required due to the July 1, 2005, repeal of sections
138 5 504A.1 through 504A.102 by this Act.

138 6 Sec. 192. EFFECTIVE DATE. Except as otherwise provided in
138 7 this Act, this Act takes effect July 1, 2004.

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JEFFREY M. LAMBERTI
President of the Senate

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CHRISTOPHER C. RANTS
Speaker of the House

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I hereby certify that this bill originated in the Senate and
is known as Senate File 2274, Eightieth General Assembly.

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MICHAEL E. MARSHALL
Secretary of the Senate

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Approved _____, 2004

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THOMAS J. VILSACK

138 31

Governor