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# CORPORATIONS

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## CHAPTER 99

(S. B. No. 204—Brostuen.)

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### AUTHORIZATION FOREIGN CORPORATIONS

**An Act to amend and re-enact Section 5238, Supplement to the Compiled Laws of 1913, relating to the authorization of foreign corporations to do business in this state and validating certain authorizations heretofore made.**

*Be It Enacted by the Legislative Assembly of the State of North Dakota:*

§ 1. That Section 5238, Supplement to the Compiled Laws of 1913, be amended and re-enacted to read as follows:

§ 5238. FOREIGN CORPORATIONS CAN DO BUSINESS IN THIS STATE, WHEN.] No foreign corporation, association or joint stock company, except an insurance company, shall sell or otherwise dispose of its capital stock or transact any business within this state, or acquire, hold or dispose of property, real or personal, within this state until such corporation shall have filed in the office of the secretary of state a copy of its articles of incorporation, and amendments if any, together with a certificate substantially to the effect that the charter of the corporation has not been cancelled and that it is in good standing, both of which copy of articles and certificates shall be made and certified to by the secretary of state of the state in which such corporation was incorporated or by the officer authorized to issue charter to such corporation (or if incorporated in a foreign country, then by the officer authorized to issue corporation charters) and shall have complied with the provisions of this chapter; also a certificate by the corporate officers showing that the corporation is engaged in active business under its charter; provided, that the provisions of this chapter shall not apply to corporations created for religious or charitable purposes solely, nor to the holding and disposing of such real estate as may be acquired only by foreclosure or otherwise, in liquidation of mortgages or other securities by corporations which may not have complied with the provisions of this article.

§ 2. AUTHORIZATIONS LEGALIZED.] Any foreign corporation heretofore authorized to do business in this state is hereby declared to be legally authorized, notwithstanding the fact that the certificate by the secretary of state of the state of incorporation filed in connection with its authorization may not have been in the form provided by law.

Approved March 4, 1929.

## CHAPTER 100

(S. B. No. 183—Van Arnam and Magnuson.)

BY-LAWS, ANNUAL REPORTS, COOPERATIVE MARKETING  
ASSOCIATIONS

An Act to amend and re-enact Sections 4609b10 and 4609b19, Supplement to the Compiled Laws of 1913, relating to cooperative marketing associations, and providing a penalty for violations thereof.

*Be It Enacted by the Legislative Assembly of the State of North Dakota:*

§ 1. That Sections 4609b10 and 4609b19, Supplement to the Compiled Laws of 1913, be amended and re-enacted to read as follows:

§ 4609b10. BY-LAWS.] Each association incorporated under this act must, within thirty (30) days after its incorporation, adopt for its government and management, a code of by-laws, not inconsistent with the powers granted by this act. A majority vote of the members or stockholders, or their written assent, is necessary to adopt such by-laws. Each association under its by-laws may also provide for any or all of the following matters:

(a) The time, place and manner of calling and conducting its meetings.

(b) The number of stockholders or members constituting a quorum.

(c) The right of members and stockholders to be represented at general and special meetings, by delegates; but no by-laws shall be passed permitting stockholders or members to vote by proxy or by mail.

(d) The number of directors constituting a quorum.

(e) The qualifications, compensation and duties and term of office of directors and officers; time of their election and mode and manner of giving notice thereof.

(f) Penalties for violations of the by-laws.

(g) The amount of entrance, organization and membership fees, if any; the manner and method of collection of the same, and the purposes for which they may be used.

(h) The amount which each member or stockholder shall be required to pay annually or from time to time, if at all, to carry on the business of the association; the charge, if any, to be paid by each member or stockholder for services rendered by the association to

him and the time of payment and the manner of collection; and the marketing contract between the association and its members or stockholders which every member or stockholder may be required to sign.

(i) The number and qualification of members or stockholders of the association and the conditions precedent to membership or ownership of common stock; the method, time and manner of permitting members to withdraw or the holders of common stock to transfer their stock; the manner of assignment and transfer of the interest of members and of the shares of common stock; the conditions upon which, and time when membership of any member shall cease. The automatic suspension of the rights of a member when he ceases to be eligible to membership in the association and mode, manner and effect of the expulsion of a member; manner of determining the value of a member's interest and provision for its purchase by the association upon the death or withdrawal of a member or stockholder, or upon the expulsion of a member or forfeiture of his membership, or, at the option of the association, by conclusive appraisal by the board of directors. In case of the withdrawal or expulsion of a member the board of directors shall equitably and conclusively appraise his property interests in the association and shall fix the amount thereof in money, which shall be paid to him within one year after such expulsion or withdrawal.

§ 4609b19. ANNUAL REPORTS.] Each association formed under this act, shall prepare, swear to, and file with the secretary of state an annual report on blanks to be furnished by such secretary. Such report shall contain the name, place of business and the general activities of the association during the fiscal year; the amount of paid up capital stock and the number of stockholders of a stock association or the number of members and amount of membership fees received, if a non-stock corporation; the amount of its indebtedness, or liability and its balance sheets, and such other and further information as shall be required by the secretary of state. Such association shall further be subject to an examination by the state bank examiner at such time or times as such examination shall be demanded by twenty-five stockholders or members upon a written application filed with the said state bank examiner. For the purpose of making an examination under the provisions of this act, the officers and managers of any such association shall exhibit to said examiner, all books, records, documents, papers and other records used and kept by the association in the daily conduct of their business.

§ 2. PENALTY.] The officers, directors, agents or attorneys, who being in charge of the business of any such association, who shall fail to report, or who shall knowingly subscribe to any false

fact therein, shall be guilty of a misdemeanor and upon conviction thereof shall be fined three hundred dollars (\$300.00) for each and every such offense.

§ 3. EMERGENCY.] Whereas an emergency exists, this bill shall take effect and be in force from and after its passage and approval.

Approved March 9, 1929.

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CHAPTER 101

(S. B. No. 98—Magnuson.)

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BY-LAWS, COOPERATIVE CORPORATION

An Act to amend and re-enact Section 4609a7 of the Supplement to the Compiled Laws of 1913, relating to the by-laws of cooperative corporations and associations, the power to amend the same and the number of members necessary to constitute a quorum for such purpose.

*Be It Enacted by the Legislative Assembly of the State of North Dakota:*

§ 1. AMENDMENT.] That Section 4609a7 of the Supplement to the Compiled Laws of 1913 be amended and re-enacted to read as follows:

§ 4609a7. BY-LAWS; POWER TO AMEND; QUORUM.] The stockholders of any co-operative corporation or association shall have the power at their annual meeting, or any special meeting called for that purpose, to amend, modify, change or make new by-laws for the management and conduct of such corporations or associations, any provisions in the by-laws contrary to the provisions of this act notwithstanding. In such associations or corporations consisting of fifty or more stockholders, a quorum at such stockholders' meeting shall consist of at least twenty-five stockholders, present in person or by proxy; provided, however, that at least fifteen stockholders must be present in person. In such associations or corporations consisting of less than fifty stockholders, a quorum at such stockholders meeting shall consist of a majority of the stockholders, present in person or by proxy; provided, however, that at least 20 per cent of such stockholders must be present in person.

§ 2. EMERGENCY.] This act is hereby declared to be an emergency measure and shall be in full force and effect from and after its passage and approval.

Approved March 6, 1929.

## CHAPTER 102

(S. B. No. 5—Hamilton and Fowler.)

## INSTITUTIONAL HOLDING ASSOCIATIONS

An Act authorizing the organization of non-profit sharing institutional holding associations to erect, operate, equip and maintain dormitories upon or in the vicinity of the campus of state educational institutions; defining their powers, limitations and restrictions; defining and limiting the powers and duties of the board of administration relating thereto; exempting the property, bonds and other evidence of indebtedness of such associations from taxation and repealing Chapters 257 and 258 of the Session Laws of 1927 and all acts or parts of acts in conflict herewith.

*Be It Enacted by the Legislative Assembly of the State of North Dakota:*

§ 1. Non-profit sharing corporations to be known as institutional holding associations may be formed in the manner, for the purposes and with the powers, obligations and limitations prescribed by Chapter 12 of the Civil Code of the Compiled Laws of 1913; except as herein otherwise provided.

§ 2. Such association shall have power (1) to erect, equip, operate, manage, lease or sell, as herein provided, dormitories and their necessary equipment and appurtenances, to be located either upon the campus of the state university, the agricultural college, any of the normal schools or other state educational institutions, or upon sites in the vicinity of such campus, purchased or otherwise acquired by such association, or as an addition to an existing dormitory at any such educational institution, and to be at all times used and operated solely for educational purposes in connection with any of such educational institutions; (2) to borrow money or contract debts for any or all of the aforesaid purposes and to issue bonds or other evidences of indebtedness therefor; (3) to secure the payment thereof by mortgaging and pledging any or all of its property, real or personal, including income.

Such association shall be subject to the following limitations and restrictions:

(1) Such dormitories, their equipment and appurtenances, shall only be erected and installed according to plans and specifications therefor first approved by the state board of administration and at a cost for site, building and equipment to be fixed by it within the maximum limit hereinafter provided.

(2) Such dormitories, their equipment and appurtenances shall at all times be owned, managed, operated and conducted by such Association, its successors or assigns, solely for the educational

purpose herein provided in connection with one of such educational institutions and under the control and supervision of said board of administration and under and according to such rules and regulations, including rental charges, as shall be prescribed by it.

(3) Such association shall be non-profit sharing; no corporate stock shall be issued and no member shall have or acquire any divisional or other share or interest in any of its property.

(4) All of the income of such association shall be applied only to the payment of its debts and operating expenses, including necessary repairs and upkeep.

(5) When all of the debts against any site, dormitory thereon and equipment, are paid, all of the right, title and interest of such association, its successors or assigns therein shall immediately terminate and the same shall forthwith become the property of and be conveyed to the state.

(6) Any transfer or encumbrance of the property of such association, except as herein provided, is prohibited and shall be null and void.

(7) Until further authorization is granted by the Legislative Assembly of this State, dormitories shall only be erected at such educational institutions as follows:

One at or near the state university at a cost for site, building and equipment of not to exceed \$200,000.00;

One at or near the agricultural college at a cost for site, building and equipment of not to exceed \$200,000.00;

And one at or near each of the normal schools located at Valley City, Mayville, Minot and Dickinson at a cost for site, building and equipment of not to exceed \$150,000.00.

(8) No dormitory shall be erected upon the campus of any such educational institution until a written permit therefor shall first be granted and issued by the state board of administration to such association. Such permit shall describe the ground to be used, and shall provide that the dormitory to be erected thereon shall be erected, owned and operated by such association, its successors and assigns only as provided for and subject to all the restrictions and limitations imposed by this act. Such association or its successors and assigns shall acquire no right, title or interest in and to such campus site, the dormitory erected thereon, or the equipment thereof, save and except the right to operate such dormitory solely for the educational purposes, in the manner and upon the terms and conditions herein provided.

(9) The amount of money borrowed or debts contracted by such association shall not exceed the aggregate cost of the site, dormitory and equipment as fixed by the state board of administration as herein provided and the terms and conditions of such loans or debts shall be fixed and approved by said board but the payment thereof shall not extend over a period of more than fifty years.

§ 3. The articles of incorporation of such association shall contain the following:

(1) The name of the association. (2) The place, within this state, where its business will be transacted and the name of the educational institution in connection with which it will operate. (3) The term for which it is to exist. (4) That it is formed pursuant to this act to carry out the objects and purposes hereof as provided, limited and restricted herein. (5) The number of its members and the condition of membership and succession therein. (6) The number of its trustees, who may or may not be members, and the names and residences of those who shall serve until their successors are elected and qualified.

§ 4. The board of administration of this state is hereby authorized, directed and empowered (1) to take all necessary and proper action and proceedings to carry out the terms and provisions of this act and to do and perform all of the acts and duties imposed upon said board hereby subject, however, to all the limitations and restrictions imposed herein. (2) to lease from such association, its successors or assigns, the site, dormitory and equipment, or any of them, for a term of not to exceed fifty years to be used and operated by said board or its successor solely for educational purposes in connection with one of such educational institutions. Such lease shall provide for the payment to such association, its successors or assigns, of a net cash annual rental of not to exceed fifteen per cent of the cost of such site, dormitory and equipment. Said net cash annual rental shall be payable and paid solely and exclusively out of the income derived from the operation of such dormitory as herein provided, and it is hereby expressly provided that the state shall incur no liability whatever by reason of the exercise of the authority hereby granted to the said board of administration. (3) to purchase from such association, its successors or assigns, the site, dormitory and equipment, or any of them, at a price not to exceed the cost of such site, dormitory or equipment, to be used and operated by said board or its successor solely for educational purposes in connection with one of such educational institutions. Such purchase price shall be payable in not to exceed fifty years, in annual installments of not to exceed fifteen per cent of such purchase price, at a rate of interest of not

to exceed seven per cent per annum, payable semi-annually, and shall be payable and paid solely and exclusively out of the income derived from the operation of such dormitory as herein provided, and it is hereby expressly provided that the state shall incur no liability whatever by reason of the exercise of the authority granted to the said board of administration.

§ 5. Any site, dormitory, its equipment or appurtenances acquired, purchased, erected, installed, owned, operated or maintained by such association, its successors or assigns, as provided herein, and all bonds or other evidence of indebtedness issued by such association, under this act, shall be exempt from taxation.

§ 6. If any part of this act shall be declared invalid, such invalidity shall not be held or deemed to affect or impair the operation of the remainder of said act.

§ 7. All acts or parts of acts, including Chapters 257 and 258 of the Laws of 1927, in conflict herewith, are hereby repealed.

Approved February 11, 1929.

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## CHAPTER 103

(S. B. No. 202—Brostuen.)

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### RENEWAL CORPORATE EXISTENCE AFTER EXPIRATION

An Act authorizing the renewal of the period of corporate existence of certain corporations whose period of duration has expired without the renewal thereof, and legalizing acts and contracts of such corporation made or done and performed subsequent to the expiration of the original period of existence of such corporations.

*Be It Enacted by the Legislative Assembly of the State of North Dakota:*

§ 1. RENEWAL OF CORPORATE EXISTENCE.] Any corporation heretofore organized under the laws of this state, whose period of duration has expired and the same has not been renewed and such corporation has continued to transact its business, may renew its corporate existence from the date of the expiration of its period of duration for an additional period not exceeding twenty (20) years from and after the time of its expired period of duration, with the same force and effect as if renewed prior to the expiration of its term of existence, by taking the same proceedings and by paying into the state treasury twenty-five dollars in addition to the fees as now provided by law for the renewal of the corporate existence of such corporations in cases where such renewal is made before the end of its period of duration.

§ 2. TWO YEAR LIMITATION.] Such proceedings to obtain such extension shall be taken within two (2) years after the taking effect of this act.

§ 3. ORIGINAL ACTS DECLARED VALID.] When such steps are taken within such period, such proceedings shall relate back to the date of the expiration of said original corporate period, and when said period is extended as provided by this act, any and all corporate acts and contracts done, performed, made and entered into after the expiration of said original period, shall be and each is hereby declared to be legal and valid.

§ 4. APPLICATION.] This act shall not apply to any corporation the charter of which has been declared forfeited by the final judgment of any court of competent jurisdiction in this state, nor to any corporation as to which there is any action or proceedings pending in any of the courts in this state for the forfeiture of its charter, nor to any corporation whose directors have acted as trustees under the provisions of Section 4567, Compiled Laws of 1913.

Approved March 6, 1929.

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## COUNTIES

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### CHAPTER 104

(S. B. No. 167—Brostuen by Request.)

**APPOINTMENT DEPUTY COUNTY SUPERINTENDENT**  
An Act to amend and re-enact Section 1136 of the Supplement to the Compiled Laws of North Dakota for 1913.

*Be It Enacted by the Legislative Assembly of the State of North Dakota:*

§ 1. AMENDMENT.] That Section 1136 of the Supplement to the Compiled Laws of North Dakota for the year 1913, relating to the salaries of deputy superintendent of schools, be amended and re-enacted to read as follows:

§ 1136. DEPUTIES, HOW APPOINTED, SALARY.] In counties having fifty or more teachers under the supervision of the county superintendent, the county superintendent may appoint an office deputy, for whose acts as such he shall be responsible, and the salary of such deputy shall be fixed by the board of county commissioners. Provided, in counties having one hundred or more teachers under the supervision of the county superintendent, the county superinten-