

in like manner allowed. Said Board or committee thereof, shall immediately after considering and allowing any such estimate verify and forward the same to the State Auditor, County Auditor, City Auditor, or other official having the power to draw warrants, who shall forthwith draw his warrant upon the proper fund and transmit the same promptly to the contractor or contractors entitled thereto; and in case said Board or committee shall fail or neglect to certify any such estimate allowed or the said Auditor shall neglect or fail to issue said warrant as above provided, for a period of more than 30 days from the date of such estimate; then and in that event said estimate shall draw interest from its date at the rate of six per cent per annum until the issuance of a proper warrant therefor, which interest shall be computed and added to the face of said estimate by the officer required to issue such warrant and shall be included in the warrant when drawn and be charged to the fund upon which the same is drawn. No payment for, or on account of any contract made under the provisions of this Act, shall be made, except upon estimate of the supervising architect or superintendent of construction, as in this section provided; if either such be employed in supervisions of such construction or erection.

Approved February 15, 1937.

CORPORATIONS

CHAPTER 112

H. B. No. 318—(Holmquist)

AMENDMENT COOPERATIVE GRAZING ASSOCIATION ACT

An Act to amend and re-enact Sections 1, 2 and Sub-section (e) of Chapter 106 of the 1935 Session Laws, relating to the incorporation of Cooperative Grazing Associations, to provide for the organization of groups with a smaller acreage than 50,000 acres, where they may be required, and making no restrictions as to the number of organizations in any one County to operate under said chapter.

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

§ 1. AMENDMENT.] That Section 1 of Chapter 106 of the Laws of North Dakota for the year 1935 is hereby amended and re-enacted to read as follows:

§ 1. For the purposes of this Act the words
 "Associations" shall mean a cooperative grazing association;
 "District" shall mean a cooperative grazing district;
 "Subdivision" shall mean any portion or block of land situated within the outside boundaries of a district;

"Person" shall mean any natural person or any firm, partnership or corporation;

"Grazing area" shall mean any area of land consisting of fifty thousand acres, or more, situated in any one or more Counties in this State, that has been or may be acquired by the United States, or any of its departments, corporations, or agencies, that may be leased by an association for grazing purposes, provided that when circumstances may require, this provision shall not preclude the organization of a group with a smaller acreage, down to a minimum of five thousand acres, under Section 2 of this Act, which area shall be known as a "Cooperative Grazing District" as in said Section 2 provided.

§ 2. AMENDMENT.] That Section 2 of Chapter 106 of the Laws of North Dakota for the year 1935 is hereby amended and re-enacted to read as follows:

§ 2. A corporation, mutually operated, for the purpose of aiding in the conservation, restoration, improvement, development and utilization of natural forage resources within any County or Counties, where a grazing area has been acquired, to be jointly used by its members, and for aiding in the restoration, conservation, improvement, development and utilization of lands which may be leased from the United States, or from any of its departments, corporations, or agencies, and/or from the State of North Dakota, or from any of its departments, boards or agencies, and/or from any County or political subdivision in this State, or from other persons, shall be known as a "Cooperative Grazing Association."

Lands leased by such an association and utilized by its members for grazing purposes under such definite restrictions, regulations and limitations by the association as shall contribute to the conservation, restoration, improvement and development of the forage resources of such land, shall be known as a "Cooperative Grazing District."

§ 3. AMENDMENT.] That Sub-section (e) of Section 6 of Chapter 106 of the Laws of North Dakota for the year 1935 is hereby amended and re-enacted to read as follows:

(e) One director to be elected from each congressional township in the district by the majority vote of the members residing in such township, providing that for the purposes of the small acreage group, that all directors may be elected from any one or more townships.

Approved March 9, 1937.

CHAPTER 113
S. B. No. 105—(Stucke)

CREDIT UNIONS ANNUAL MEETINGS—ELECTION OF OFFICERS

An Act to amend and re-enact Section 8, of Chapter 108, of the Session Laws of 1935, relating to Credit Unions in the State of North Dakota.

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

§ 1. That Section 8, of Chapter 108, of the Session Laws of 1935, relating to Credit Unions in the State of North Dakota, is hereby amended and re-enacted as follows:

§ 8. ANNUAL MEETINGS: ELECTION OF OFFICERS.] At the annual meeting (the organization meeting shall be the first annual meeting) the credit union shall elect a Board of Directors of not less than five members, a Credit Committee of not less than three members and a Supervisory Committee of three members, all to hold office for such terms respectively as the by-laws provide and until successors qualify. A record of the names and addresses of the members of the board and committees and the officers shall be filed with the State Examiner within ten days of their election.

Approved March 5, 1937.

CHAPTER 114
S. B. No. 65—(Stucke)

SUPERVISION OF CREDIT UNIONS

An Act to amend and re-enact Section 6, of Chapter 108, of the Session Laws of 1935, relating to Credit Unions in the State of North Dakota.

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

§ 1. That Section 6, of Chapter 108, of the Session Laws of 1935, relating to Credit Unions in the State of North Dakota, is hereby amended and re-enacted as follows:

§ 6. TO BE UNDER STATE BANKING BOARD.] Credit unions shall be under the supervision of the State Banking Board. They shall report to the State Examiner at least once annually, upon call of the State Examiner on blanks supplied by the said Examiner for that purpose. Additional reports may be required. Credit unions shall be examined at least annually by the said Examiner. For failure to file reports when due, unless excused for cause, the credit union shall pay to the Treasurer of this State \$5.00 for each day of its delin-

quency. If the said Examiner determines that the credit union is violating the provisions of this Act, or is insolvent, the said State Banking Board may serve notice on the credit union of his intention to revoke the charter. If, for a period of fifteen days after said notice, said violation continues, the said State Banking Board may revoke said charter and take possession of the business and property of said credit union and maintain possession until such time as they shall permit it to continue business or its affairs are finally liquidated. They may take similar action if said report remains in arrears for more than fifteen days.

The credit union shall pay the same fees to the State Examiner for examination as are now provided for building and loan associations, except that the minimum fee for credit unions shall be \$5.00.

§ 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 1, 1937.

CHAPTER 115

H. B. No. 346—(Burgum and Frazier)

ELECTRIC COOPERATIVE CORPORATION ACT

An Act to provide for the incorporation of cooperative, non-profit, membership corporations to engage in rural electrification by furnishing electric energy to persons in rural areas who are not receiving central station service, assisting in the wiring of premises of persons in rural areas or the acquisition, supply or installation of electrical or plumbing equipment, therein and/or furnishing electric energy, wiring facilities, electrical or plumbing equipment, or services to any other corporation organized under this Act or to the members thereof; to provide for the rights, powers and duties of such corporations, including the right to use the highways and other property of the State and to exercise the power of eminent domain; to provide for the creation of corporate indebtedness by such corporations without limitation as to the amount or proportion thereof; to provide an exemption of such corporations from certain excise taxes; to provide a limited exemption of such corporations, and the securities of such corporations, from the Securities Commission Act; to provide for the extension of this Act to existing corporations; and declaring an emergency.

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

§ 1. SHORT TITLE.] This Act may be cited as the "Electric Cooperative Corporation Act."

§ 2. DEFINITIONS.] In this Act, unless the context otherwise requires:

(1) "Corporation" means a corporation organized pursuant to the provisions of this Act.

(2) "Board" means a board of directors of a corporation organized under this Act.

(3) "Member" means the incorporators of a corporation and each person thereafter lawfully admitted to membership therein.

(4) "Federal agency" includes the United States of America and any department, administration, commission, board, bureau, office, establishment, agency, authority, or instrumentality of the United States of America heretofore or hereafter created.

(5) "Person" includes any natural person, firm, association, corporation, business trust, partnership, Federal agency, State or political subdivision thereof or any body politic.

(6) "Acquire" means and includes construct, acquire by purchase, lease, devise, gift, or other mode of acquisition.

(7) "Obligations" include bonds, notes, debentures, interim certificates or receipts, and all other evidences of indebtedness issued by a corporation.

(8) "Rural area" means any area not included within the boundaries of any incorporated or unincorporated city, town, village or borough, having a population in excess of twenty-five hundred inhabitants, and includes both the farm and non-farm population thereof.

§ 3. PURPOSE.] Co-operative, non-profit, membership corporations may be organized under this Act for the purpose of engaging in rural electrification by any one or more of the following methods:

(1) The furnishing of electric energy to persons in rural areas who are not receiving central station service.

(2) Assisting in the wiring of the premises of persons in rural areas or the acquisition, supply, or installation of electrical or plumbing equipment therein.

(3) The furnishing of electric energy, wiring facilities, electrical or plumbing equipment or services to any other corporation organized under this Act or to the members thereof.

§ 4. POWERS OF CORPORATION.] Each corporation shall have power:

(1) To sue and be sued, complain and defend, in its corporate name.

(2) To have perpetual succession unless a limited period of duration is stated in its articles of incorporation.

(3) To adopt a corporate seal which may be altered at pleasure, and to use it, or a facsimile thereof, as required by law.

(4) To generate, manufacture, purchase, acquire and accumulate electric energy and to transmit, distribute, sell, furnish and

dispose of such electric energy to its members only, and to construct, erect, purchase, lease as lessee and in any manner acquire, own, hold, maintain, operate, sell, dispose of, lease as lessor, exchange and mortgage plants, buildings, works, machinery, supplies, equipment, apparatus, and transmission and distribution lines or systems necessary, convenient or useful.

(5) To assist its members only to wire their premises and install therein electrical and plumbing fixtures, machinery, supplies, apparatus and equipment of any and all kinds and character, and in connection therewith and for such purposes, to purchase, acquire, lease, sell, distribute, install and repair electrical and plumbing fixtures, machinery, supplies, apparatus and equipment of any and all kind and character and to receive, acquire, endorse, pledge, hypothecate and dispose of notes, bonds, and other evidences of indebtedness.

(6) To furnish to other corporations organized under this Act, or to the members thereof, electric energy, wiring facilities, electrical and plumbing equipment and services convenient or useful.

(7) To acquire, own, hold, use, exercise and, to the extent permitted by law, to sell, mortgage, pledge, hypothecate and in any manner dispose of franchises, rights, privileges, licenses, rights-of-way and easements necessary, useful or appropriate.

(8) To purchase, receive, lease as lessee, or in any other manner acquire, own, hold, maintain, sell, exchange and use any and all real and personal property or any interest therein.

(9) To borrow money and otherwise contract indebtedness, to issue its obligations therefor, and to secure the payment thereof by mortgage, pledge, or deed of trust of all or any of its property, assets, franchises, revenues or income.

(10) To sell and convey, mortgage, pledge, lease as lessor and otherwise dispose of all or any part of its property and assets.

(11) In connection with the acquisition, construction, improvement, operation or maintenance of its lines, to use any highway, or any right-of-way, easement or other similar property right, owned or held by the State or any political subdivision thereof.

(12) To have and exercise the power of eminent domain for the purpose and in the manner provided by the condemnation laws of this State for acquiring private property for public use, such right to be paramount except as to property of the State, or any political subdivision thereof.

(13) To accept gifts or grants of money, services or property, real or personal.

(14) To make any and all contracts necessary or convenient for the exercise of the powers granted in this Act.

(15) To fix, regulate and collect rates, fees, rents, or other

charges for electric energy and any other facilities, supplies, equipment, or services furnished by the corporation.

(16) To conduct its business, and have offices within or without this State.

(17) To elect or appoint officers, agents and employees of the corporation, and to define their duties and fix their compensation.

(18) To make and alter by-laws, not inconsistent with the articles of incorporation or with the laws of this State, for the administration and regulation of the affairs of the corporation.

(19) To do and perform, either for itself or its members, or for any other corporation organized under this Act, or for the members thereof, any and all acts and things, and to have and exercise any and all powers as may be necessary, convenient, or appropriate to effectuate the purpose for which the corporation is organized.

§ 5. INCORPORATORS.] Any three or more natural persons of the age of twenty-one years or more, residents of this State, may act as incorporators of a corporation to be organized under this Act by executing articles of incorporation as hereinafter provided in this Act.

§ 6. ARTICLES OF INCORPORATION.] (a) The Articles of Incorporation shall state:

(1) The name of the corporation, which name shall include the words "Electric Cooperative" and the word "Corporation," "Incorporated," "Inc.," or "Company" and the name shall be such as to distinguish it from any other corporation organized and existing under the laws of this State.

(2) The purpose for which the corporation is formed.

(3) The names and addresses of the incorporators who shall serve as directors and manage the affairs of the corporation until its first annual meeting of members, or until their successors are elected and qualify.

(4) The number of directors, not less than three, to be elected at the annual meetings of members.

(5) The address of its principal office and the name and address of its agent upon whom process may be served.

(6) The period of duration of the corporation, which may be perpetual.

(7) The terms and conditions upon which persons shall be admitted to membership and retain membership in the corporation, but if expressly so stated the determination of such matters may be reserved to the directors by the by-laws.

(8) Any provisions, not inconsistent with law, which the incorporators may choose to insert, for the regulation of the business and the conduct of the affairs of the corporation.

(b) It shall not be necessary to set forth in the articles of incorporation any of the corporate powers enumerated in this Act.

§ 7. PROHIBITION ON USE OF WORDS "ELECTRIC COOPERATIVE."] The words "Electric Cooperative" shall not be used in the corporate name of corporations organized under the laws of this State, or authorized to do business herein, other than those organized pursuant to the provisions of this Act.

§ 8. EXECUTION, FILING AND RECORDING OF ARTICLES OF INCORPORATION.] The original copy of the articles of incorporation shall be signed by the incorporators and acknowledged before any officer authorized by the law of this State to acknowledge the execution of deeds and conveyances. It shall be filed in the office of the Secretary of State. If the Secretary of State finds that the articles of incorporation conform to law, he shall, when the fees prescribed by this Act have been paid:

- (1) Endorse on the original copy the word "Filed," and the month, day and year of the filing thereof.
- (2) File the original in his office.
- (3) Issue a certificate of incorporation to the incorporators.

§ 9. EFFECT OF ISSUANCE OF CERTIFICATES OF INCORPORATION.] Upon the issuance of a certificate of incorporation by the Secretary of State, the corporate existence of the corporation shall begin. The certificate of incorporation shall be conclusive evidence, except as against the State, that all conditions precedent required to be performed by the incorporators have been complied with and that the corporation has been incorporated under this Act.

§ 10. ORGANIZATION MEETING.] After the issuance of the certificate of incorporation, an organization meeting shall be held, at the call of a majority of the incorporators, for the purpose of adopting by-laws and electing officers and for the transaction of such other business as may properly come before the meeting. The incorporators calling the meeting shall give at least three days' notice thereof by mail to each incorporator, which notice shall state the time and place of the meeting but such notice may be waived in writing.

§ 11. BY-LAWS.] The power to make, alter, amend, or repeal the by-laws of the corporation shall be vested in the Board of Directors. The by-laws may contain any provisions for the regulation and management of the affairs of the corporation not inconsistent with law or the articles of incorporation.

§ 12. QUALIFICATION OF MEMBERS.] All persons in rural areas proposed to be served by a corporation, who are not receiving central station service, shall be eligible to membership in a corporation. No person other than the incorporators shall be, become or remain a member of a corporation unless such person shall use or

agree to use electric energy or, as the case may be, the facilities, supplies, equipment, and services furnished by a corporation. A corporation organized under this Act may become a member of another such corporation and may avail itself fully of the facilities and services thereof.

§ 13. MEETINGS OF MEMBERS.] (a) Meetings of members may be held at such place as may be provided in the by-laws. In the absence of any such provision, all meetings shall be held in the principal office of the corporation in this State.

(b) An annual meeting of the members shall be held at such time as may be provided in the by-laws. Failure to hold the annual meeting at the designated time shall not work forfeiture or dissolution of the corporation.

(c) Special meetings of the members may be called by the president, by the Board of Directors, by a petition signed by not less than one-tenth of all the members or by such other officers or persons as may be provided in the articles of incorporation or by the by-laws.

§ 14. NOTICE OF MEMBERS' MEETINGS.] Written or printed notice stating the place, day, and hour of the meeting of members and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten nor more than thirty days before the date of the meeting, either personally or by mail, by or at the direction of the president or the secretary, or the officers or persons calling the meeting, to each member of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mails in a sealed envelope addressed to the member at his address as it appears on the records of the corporation, with postage thereon prepaid. Notice of meetings of members may be waived in writing.

§ 15. VOTING BY MEMBERS.] Each member present shall be entitled to one and only one vote on each matter submitted to a vote at a meeting of members, but voting by proxy or by mail may be provided for in the by-laws.

§ 16. CERTIFICATE OF MEMBERSHIP.] When a member of a corporation has paid the membership fee in full, a certificate of membership shall be issued to such member. Memberships in the corporation and the certificates shall be non-transferable. The certificate of membership shall be surrendered to the corporation upon the resignation, expulsion or death of the member.

§ 17. QUORUM OF MEMBERS.] Unless otherwise provided in the articles of incorporation, a majority of the members, present in person or represented by proxy, shall constitute a quorum for the transaction of business at a meeting of members, but if voting by

mail is provided for in the by-laws, members so voting shall be counted as if present.

§ 18. BOARD OF DIRECTORS.] The business and affairs of a corporation shall be managed by a Board of Directors, not less than three in number, which shall exercise all the powers of the corporation except such as are conferred upon the members by this Act, by the articles of incorporation or by the by-laws of the corporation. The by-laws may prescribe qualifications for directors.

§ 19. ELECTION, QUALIFICATION AND COMPENSATION OF DIRECTORS.] The directors, other than those named in the certificate of incorporation to serve until the first annual meeting of members, shall be elected annually or as otherwise provided in the by-laws, by the members. The directors shall be members of the corporation and shall be entitled to such compensation and reimbursement for expenses actually and necessarily incurred by them as may be provided in the by-laws.

§ 20. VACANCIES.] Any vacancy occurring in the Board, and any directorship to be filled, shall be filled as provided in the by-laws by persons who shall serve until directors may be regularly elected as provided for in this Act.

§ 21. QUORUM OF DIRECTORS.] A majority of the Board shall constitute a quorum for the transaction of business unless a greater number is required by the articles of incorporation or the by-laws. The act of the majority of the directors, present at a meeting at which a quorum is present, shall be the act of the Board, unless the act of a greater number is required by the articles of incorporation or the by-laws.

§ 22. DIRECTORS' MEETINGS.] Meetings of the Board, regular or special, shall be held at such place and upon such notice as the by-laws may prescribe. Attendance of a director at any meeting shall constitute a waiver of notice of such meeting except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

§ 23. OFFICERS, AGENTS AND EMPLOYEES.] (a) The Board shall elect from its number a president, a vice-president, a secretary and a treasurer, but the same person may be elected to the office of secretary and treasurer. The powers and duties of the foregoing officers, as well as their term of office and compensation, shall be provided for in the by-laws.

(b) The Board shall appoint such other officers, agents and employees as it deems necessary and fix their powers, duties and compensation.

(c) Any officer, agent or employee, elected or appointed by the Board, may be removed by it whenever in its judgment the best interests of the corporation will be served.

§ 24. EXECUTIVE COMMITTEE.] Any corporation may, by its by-laws, provide for an executive to be elected from and by its Board of Directors. To such committee may be delegated the management of the current and ordinary business of the corporation, and such other duties as the by-laws may prescribe, but the designation of such committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any member thereof, of any responsibility imposed upon it or him by this Act.

§ 25. NON-PROFIT OPERATION.] (a) Each corporation shall be operated without profit to its members but the rates, fees, rents or other charges for electric energy and any other facilities, supplies, equipment, or services furnished by the corporation shall be sufficient at all times.

(1) To pay all operating and maintenance expenses necessary or desirable for the prudent conduct of its business and the principal and interest on the obligations issued or assumed by the corporation in the performance of the purpose for which it was organized, and

(2) For the creation of reserves.

(b) The revenues of the corporation shall be devoted first to the payment of operating and maintenance expenses and the principal and interest on outstanding obligations, and thereafter to such reserves for improvement, new construction, depreciation and contingencies as the board may from time to time prescribe.

(c) Revenues not required for the purposes set forth in Sub-section (b) of this section shall be returned from time to time to the members on a pro rata basis according to the amount of business done with each during the period, either in cash, in abatement of current charges for electric energy, or otherwise as the Board determines; but such return may be made by way of general rate reduction to members, if the Board so elects.

§ 26. AMENDMENT OF ARTICLES OF INCORPORATION.] A corporation may amend its articles of incorporation by a majority vote of the members, present in person or by proxy at any regular meeting, or at any special meeting, of its members called for that purpose. The power to amend shall include the power to accomplish any desired change in the provisions of its articles of incorporation and to include any purpose, power or provision which would be authorized to be included in original articles of incorporation if executed at the time the amendment is made. Articles of amendment signed by the president or vice-president, and attested by the secretary certifying to such amendment and its lawful adoption shall be executed, acknowledged, filed and recorded in the same manner as the original articles of incorporation of a corporation organized under this Act;

and as soon as the Secretary of State shall have accepted the articles of amendment for filing and recording, and issued a certificate of amendment, the amendment or amendments shall be in effect.

§ 27. CONSOLIDATION.] (a) Any two or more corporations may enter into an agreement for the consolidation of such corporations. The agreement shall set forth the terms and conditions of the consolidation, the name of the proposed consolidated corporation, the number of its directors, not less than three, the time of the annual meeting and election, and the name of at least three persons to be directors until the first annual meeting. If such agreement is approved by the votes of a majority of the members of each corporation, present in person or by proxy at any regular meeting, or at any special meeting, of its members called for that purpose, the directors named in the agreement shall sign and acknowledge as incorporators articles of consolidation conforming substantially to original articles of incorporation of a corporation organized under this Act.

(b) The articles of consolidation shall be executed, acknowledged, filed and recorded in the same manner as the original articles of incorporation of a corporation organized under this Act. As soon as the Secretary of State shall have accepted the articles of consolidation for filing and recording and issued a certificate of consolidation, the proposed consolidated corporation, described in the articles under its designated name, shall be and become a body corporate, with all of the powers of a corporation as originally organized hereunder.

§ 28. DISSOLUTION.] (a) Any corporation may dissolve by majority vote of the members, present in person or by proxy at any regular meeting, or at any special meeting, of its members called for that purpose. A certificate of dissolution shall be signed by the president or vice-president and attested by the secretary, certifying to such dissolution and stating that they have been authorized to execute and file such certificate by votes cast in person or by proxy by a majority of the members of the corporation. A certificate of dissolution shall be executed, acknowledged, filed and recorded in the same manner as the original articles of incorporation of a corporation organized under this Act and as soon as the Secretary of State shall have accepted the certificate of dissolution for filing and recording and issued a certificate of dissolution, the corporation shall be deemed to be dissolved.

(b) Such corporation shall, however, continue for the purpose of paying, satisfying, and discharging any existing liabilities or obligations and collecting or liquidating its assets, and doing all other acts required to adjust and wind up its business and affairs, and may sue and be sued in its corporate name. Any assets remaining after all liabilities or obligations of the corporation have been satisfied or discharged shall be distributed pro rata among the members of the corporation at the time of the filing of the certificate of dissolution.

(c) Any corporation which purports to have been incorporated or reincorporated under this Act but which has not complied with all of the requirements for legal corporate existence may nevertheless file a certificate of dissolution in the same manner as a validly existing corporation. The certificate of dissolution, in such case, may be authorized by a majority of the incorporators or directors at a meeting called by any incorporator upon ten days' notice mailed to the last known postoffice address of each incorporator or director, and held at the principal office of the corporation named in the articles of incorporation.

§ 29. FEES.] The Secretary of State shall charge and collect for:

(1) Filing articles of incorporation and issuing a certificate of incorporation, 13 Dollars.

(2) Filing of articles of amendment and issuing a certificate of amendment, 6 Dollars.

(3) Filing articles of consolidation and issuing a certificate with respect thereto, 13 Dollars.

(4) Filing articles of dissolution, 3 Dollars.

§ 30. EXEMPTION FROM EXCISE TAXES—LICENSE FEE.] Corporations formed hereunder shall pay annually, on or before July 1st, to the Secretary of State, a fee of \$10 for each 100 members or fraction thereof, but shall be exempt from all other excise taxes of whatsoever kind or nature.

§ 31. LIMITED EXEMPTION FROM SECURITIES ACT.] Whenever any corporation organized under this Act shall have received an allotment of funds or borrowed money from any Federal agency, the obligations issued to secure the payment of such money or the issuance of membership certificates shall be exempt from the provisions of the Securities Act (Chapter 182, Laws of North Dakota, 1923, as amended), nor shall the provisions of said Act apply to the issuance of membership certificates.

§ 32. DEFECTIVELY ORGANIZED CORPORATIONS.] In the event any corporation has filed defective articles of incorporation or has failed to do all things necessary to perfect its corporate organization, it may, nevertheless, file corrected articles of incorporation or amend the original articles and do not perform all acts and things necessary in the premises for the correction of such defects. The action so taken shall be valid and binding upon all persons concerned and the capacity of such corporation to file corrected articles of incorporation or amendments to the original articles, or to do and perform all acts and things necessary in the premises shall not be questioned.

§ 33. ACT EXTENDED TO EXISTING CORPORATIONS.] Any existing cooperative or non-profit corporation or association, organ-

ized under any other law of this State, for the purpose of engaging in rural electrification, may, by a majority vote of the members, present in person or by proxy, at a meeting called for that purpose, amend its articles of incorporation so as to comply with this Act.

§ 34. CONSTRUCTION OF ACT.] This Act shall be construed liberally. The enumeration of any object, purpose, power, manner, method or thing shall not be deemed to exclude like or similar objects, purposes, powers, manners, methods or things.

§ 35. SEPARABILITY OF PROVISIONS.] If any provision of this Act, or the application of such provision to any person or circumstance is held invalid, the remainder of the Act and the application of such provisions to other persons or circumstances shall not be effected thereby.

§ 36. ACT COMPLETE IN ITSELF.] This Act is complete in itself and shall be controlling. The provisions of any other law of this State, except as provided in this Act, shall not apply to a corporation organized under this Act.

§ 37. EFFECTIVE DATE.] An emergency is hereby declared to exist, and this Act shall be in full force and effect from and after its passage and approval.

Approved March 12, 1937.

CHAPTER 116

H. B. No. 217—(Twichell, Godwin and Burgum)

FOREIGN CORPORATION ACT

An Act relating to foreign corporations; providing for their admission to transact business in this State; for their withdrawal from this State; for the revocation of their authority to transact business in this State; for payment by them of certain license fees; for filing by them of annual reports; for appointment by them of resident agents for service of process; for service of process on foreign corporations; for penalties and liabilities for violations of this Act; for filing and recording of certificates of authority issued pursuant to this Act, and their effect as evidence; for payment by foreign corporations of certain fees to the Secretary of State and to Registers of Deeds; for application of this Act to foreign corporations heretofore authorized to transact business in this State; repealing all Acts or parts of Acts in so far as they conflict herewith.

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

§ 1. DEFINITIONS.] As used in this Act, unless the context otherwise requires: "Corporation" shall mean a corporation formed for profit; "Domestic Corporation" shall mean a corporation formed under the laws of this State; "Foreign Corporation" shall mean a corporation not formed under the laws of this State but shall not

include corporations, which under the constitution and statutes of the United States may transact business in this State without first obtaining a certificate of authority so to do and shall not include insurance companies as the same are now or may hereafter be defined by the laws of the State of North Dakota; "address" shall include the name of the postoffice, street and number if any, or name of building and room or office number therein when customarily used as part of a mailing address; "process" shall mean all statutory notices and demands required or permitted to be served on natural persons or corporations, including the summons in a civil action, and all process which may be issued in any action or proceeding in any Court; "articles of incorporation" shall mean the original articles of incorporation, all articles or certificates of amendment thereof, articles of consolidation or merger, and certificates filed or issued in connection with reductions of stated capital.

§ 2. FOREIGN CORPORATIONS MUST HAVE CERTIFICATE OF AUTHORITY.] No foreign corporation shall transact business in this State unless it holds a certificate of authority so to do; and no foreign corporation whose certificate of authority shall have been revoked or cancelled pursuant to the provisions of this Act shall be entitled to obtain a certificate of authority except in accordance with the provisions of Section 19 of this Act.

§ 3. FOREIGN CORPORATIONS NOT TO DO BANKING BUSINESS.] No foreign corporation shall transact in this State the business which only a bank, trust company or building and loan association may transact in this State.

§ 4. NAMES OF CORPORATIONS.] (a) No certificate of authority shall be issued to a foreign corporation, the name of which is prohibited under the laws of the State of North Dakota in force at the time of the application for such certificate of authority, to a domestic corporation; provided, that if the name of such corporation does not end with the word "Corporation" or the word "Incorporated," or does not contain the word "Company" or the abbreviation "Co.," not immediately preceded by the word "and" or the character "&," a certificate of authority may be issued to it if it agrees in its application for a certificate of authority, to add at the end of its name the word "Incorporated" or the abbreviation "Inc." in transacting any business within this State.

(b) Nothing in this Section shall abrogate or limit the law as to unfair competition or unfair practices nor derogate from the common law, the principles of equity, the statutes of this State or of the United States with respect to the right to acquire and protect trade names.

(c) If a foreign corporation does business in this State under a name prohibited by this Section, the Courts of this State having equity jurisdiction may, upon the application of the State or of any

person, unincorporated, association or corporation interested or effected, enjoin such foreign corporation from doing business in this State under such name whether or not a certificate of authority shall have been issued to such foreign corporation.

§ 5. REQUISITES FOR CERTIFICATES.] (a) In order to procure a certificate of authority to transact business in this State, a foreign corporation shall make application therefor to the Secretary of State which application shall set forth:

(1) The name of the corporation and the State or Country under the laws of which it is organized;

(2) If the name of the corporation does not end with the word "Corporation," or the word "Incorporated" or the abbreviation "Inc." or does not contain the word "Company" or the abbreviation "Co." not immediately preceded by the word "and" or the character "&", then the name of the corporation with the word or abbreviation which it agrees to add thereto for use in this State;

(3) The date of its incorporation and the period of its duration.

(4) The address of its principal office in the State or Country under the laws of which it is organized;

(5) The address of its proposed registered office in this State and the name of its proposed registered agent in this State;

(6) That it irrevocably consents to the service of process upon it as set forth in Section 13, of this Act, or any amendment thereto;

(7) The names and respective addresses of its directors and officers;

(8) A statement of the aggregate number of shares having par value and of shares without par value which it shall have authority to issue, itemized by classes and series;

(9) A statement of the aggregate number of its issued or allotted shares having par value and of shares without par value, itemized by classes and series; and

(10) a statement that the officers executing the application have been duly authorized so to do by the Board of Directors of the corporation.

(b) Such application shall be made on forms prescribed and furnished by the Secretary of State, and shall be executed, acknowledged and verified by its president or a vice-president, and by its secretary or an assistant secretary, and delivered to the Secretary of State with authenticated copies of its articles of incorporation.

§ 6. INITIAL LICENSE FEE TO BE FIFTY DOLLARS (\$50.00).] At the time of making application for a certificate of authority the foreign corporation making such application shall pay to the State Treasurer the sum of Fifty (\$50.00) Dollars as an initial license fee.

§ 7. SECRETARY OF STATE TO ISSUE CERTIFICATE.] (a) If

the application be according to law, the Secretary of State, when all fees and charges have been paid as required by law, shall file in his office the application and the copy of the articles of incorporation, and shall issue and record a certificate of authority to transact business in this State.

(b) The certificate of authority shall contain the name of the corporation, the State or Country of organization, the period of duration of its corporate existence, the address of its registered office in this State and a statement that it is authorized to transact business in this State.

(c) The Secretary of State shall thereupon transmit such certificate of authority, together with a fee of One Dollar, to the Register of Deeds of the County in which the registered office of the corporation in this State is situated. The Register of Deeds shall thereupon record such certificate for such fee.

§ 8. SAME POWERS AS DOMESTIC CORPORATION.] After the issuance of a certificate of authority by the Secretary of State and until cancellation or revocation thereof or issuance of a certificate of withdrawal, the corporation shall possess within this State the same rights and privileges that a domestic corporation would possess if organized for the purposes set forth in the articles of incorporation of such foreign corporation pursuant to which its certificate of authority is issued, and shall be subject to the laws of this State.

§ 9. MUST HAVE OFFICE AND AGENT.] Each foreign corporation authorized to transact business in this State shall have and continuously maintain in this State:

(a) A registered office which shall be in a County where it has its principal place of business in this State, or if it had no place of business in this State then in any County where it does or proposes to do business;

(b) A registered agent, which agent may be either an individual, resident in this State, whose business office is identical with such registered office, or a corporation having a business office identical with such registered office.

§ 10. POWERS AND DUTIES.] A foreign corporation may from time to time change the location and address of its registered office. It may revoke the appointment of a registered agent provided it shall at the same time file an appointment of a new registered agent. It shall appoint a new registered agent in case of a vacancy in the office, whether by death, resignation or otherwise, or because of the disqualification or incapacity of its registered agent. Such changes may be made by filing in the office of the Secretary of State a statement setting forth:

- (a) The name of the corporation;
- (b) The address of its registered office;

- (c) If the address of its registered office is to be changed, the address to which the registered office is to be changed;
- (d) The name of its then registered agent;
- (e) If its registered agent is to be changed, the name of its successor registered agent; and
- (f) That such change was authorized by resolution duly adopted by its Board of Directors.

Such statement shall be executed, acknowledged and verified by its president or a vice-president, and by its secretary or an assistant secretary.

§ 11. CORPORATION TO FILE NOTICE OF CHANGES.] Each foreign corporation authorized to transact business in this State, whenever its articles of incorporation are amended, whenever its stated capital shall be reduced, or whenever it shall be a party to a statutory merger or consolidation, shall forthwith file in the office of the Secretary of State a copy of such amendment or articles of merger or consolidation duly authenticated by the proper officer of the State or Country under the laws of which such corporation is organized, or a copy of the instrument with reference to such reduction of stated capital required to be filed or recorded in a public office in the State or Country under the laws of which such corporation is organized, duly authenticated by the proper public officer as the case may be.

§ 12. CERTIFICATE OF CHANGES TO BE RECORDED.] If a foreign corporation changes the address of its registered office, or changes its name, or changes the duration of its corporate existence, the Secretary of State, after instruments with reference to such change shall have been filed in his office, and when all fees and charges have been paid as required by law, shall issue and record an amended certificate of authority, and shall thereupon transmit such certificate, together with a fee of One (\$1.00) Dollar, to the Register of Deeds of the County in which the registered office of the corporation in this State is situated. The Register of Deeds shall thereupon record such certificate for such fee. If the address of its registered office has been changed from one County to another County, then a certified copy of such certificate, together with a fee of One (\$1.00) Dollar, shall be transmitted by the Secretary of State to the Register of Deeds of the County to which such registered office is changed, and such Register of Deeds shall thereupon record such certificate for such fee.

§ 13. SERVICE OF PROCESS.] (a) A foreign corporation shall be subject to service of process as follows:

- (1) By service thereof on its registered agent.
- (2) Whenever any foreign corporation authorized to transact business in this State shall fail to appoint or maintain in this State

a registered agent upon whom service of process may be had, or whenever any such registered agent cannot be found at its registered office in this State as shown by the return of the Sheriff of the County in which such registered office is situated, or whenever any corporation shall have withdrawn from this State, or whenever the certificate of authority of any foreign corporation shall have been revoked or cancelled, then, and in every such case, service may be made by delivery to and leaving with the Secretary of State, or with any deputy or clerk in the corporation department of his office, three copies thereof and a fee of Three (\$3.00) Dollars; provided that after a foreign corporation shall have withdrawn from the State, pursuant to Section 16 of this Act, or any amendment thereof, service upon such corporation may be made pursuant to the provisions of this Section only when based upon a liability or obligation of such corporation incurred within this State or arising out of any business done in this State, by such corporation prior to the issuance of a certificate of withdrawal.

(b) In case of service of process upon the Secretary of State, he shall immediately cause one copy of such process to be forwarded by registered mail addressed to the corporation so served at its principal office in the State or Country under the laws of which it is organized, and one copy thereof to the agent of such corporation at its registered office in this State, as such addresses appear in the records of the Secretary of State; provided, that if the corporation shall have withdrawn from the State in the manner provided by this Act, then one copy shall be sent to the address designated for such purpose in the application for withdrawal, instead of the registered office in this State.

(c) If any summons is so served upon the Secretary of State, the corporation so served shall have thirty (30) days in which to answer the complaint.

(d) Nothing herein contained shall limit or affect the right to serve any process upon a foreign corporation in any other manner now or hereafter permitted by law.

(e) The Secretary of State shall keep a record of all processes served upon him under this Section and shall record therein the time of such service and his action with reference thereto.

§ 14. MUST FILE REPORT WITH SECRETARY OF STATE.] (a) Between January 1st and April 1st, in each year after 1937, every foreign corporation which holds a certificate of authority shall make and file with the Secretary of State a report for the next preceding calendar year, setting forth:

(1) The name of the corporation and the State or Country under the laws of which it is organized;

(2) If the name of the corporation does not end with the word "Corporation" or the word "Incorporated," or the abbreviation "Inc.," or does not contain the word "Company" or the abbreviation

"Co.", not immediately preceded by the word "and" or the character "&", then the name of the corporation with the word or abbreviation which it has agreed to add thereto for use in this State;

(3) The date of its incorporation and the period of its duration;

(4) The address of its principal office in the State or Country under the laws of which it is organized;

(5) The address of its registered office in this State and the name of its registered agent at such address;

(6) The names and respective addresses of its directors and officers;

(7) A statement of the aggregate number of shares having par value and of shares without par value which it has authority to issue, itemized by classes and series;

(8) A statement of the aggregate number of its issued or allotted shares having par value and of shares without par value, itemized by classes and series;

(9) A statement expressing in dollars (1) the value of all the property owned by the corporation wherever located, and (2) the value of all its property located within this State;

(10) A statement expressing in dollars (1) the gross receipts of the corporation in such calendar year derived from its business operations wherever transacted, and (2) the gross receipts of the corporation in such calendar year derived from its business operations transacted in whole or in part within this State; and

(11) Such additional information as may be necessary or appropriate to enable the Secretary of State to determine the additional license fee, if any, payable by such corporation.

The information required by clauses seven to nine of this subdivision shall be given as of the close of the next preceding calendar year.

(b) If all the property of the corporation at the close of the next preceding calendar year was located in this State and all its business in such calendar year was transacted within this State, or if the corporation shall have paid a license fee to the State of North Dakota on the total amount of its issued or allotted shares, the corporation may so state in its report and omit the statements required by clauses (9) and (10), Subdivision (a) of this Section.

(c) Such annual report shall be made on forms prescribed by the Secretary of State, in two separable parts, one part setting forth the facts required by clauses (1) to (8), and the other part the facts required by clauses (9), (10) and (11), of Subdivision (a) of this Section, such report shall be executed, acknowledged and verified by the president or vice-president and by the treasurer, an assistant treasurer, secretary or an assistant secretary of the corporation, or, if the corporation is in the hands of a receiver or trustee,

such report shall be executed on behalf of the corporation and verified by such receiver or trustee.

(d) If the Secretary of State finds that such annual report conforms to the requirements of this Act, he shall file the same. If he finds that it does not so conform he shall return the same by mail to the corporation, in which event the provisions of Section 17 of this Act, relating to failure to file such report within the period hereinafore required, shall not apply if such report is made to conform to the requirements of this Act and is filed with the Secretary of State within thirty (30) days from such return of the report by the Secretary of State to the corporation.

(e) It shall be unlawful for the Secretary of State or any other public official or employee to divulge or otherwise make known in any manner any of the particulars with reference to the value of the property owned by such corporation or the amount of the gross receipts of such corporation set forth or disclosed as a part of any annual report. Nothing herein shall be construed to prohibit the inspection of the full reports by officials and employees of this State in the performance of their duties with respect to license fees due from the corporation making such report. Any person violating any of the prohibitions of this Subdivision shall be guilty of a misdemeanor.

§ 15. SECRETARY OF STATE TO FIX LICENSE FEE.] The Secretary of State shall first ascertain the license fee which under then existing laws a domestic corporation then organized would be required to pay if it had authorized shares of the same kind and amount as the issued or allotted shares of such foreign corporation shown by such filed report. Said amount shall be multiplied by a fraction, the numerator of which shall be the sum of the value of the property of such corporation located in this State and the gross receipts of the corporation derived from its business transacted within this State, and the denominator of which shall be the sum of the value of all of its property wherever located and the gross receipts of the corporation derived from its business wherever transacted. The amounts used in determining the numerator and the denominator of such fraction shall be determined from the annual report filed by such corporation. From the product of such multiplication there shall be deducted the aggregate amount of license fee theretofore paid by such corporation, and the remainder, if any, shall be the amount of additional license fee to be paid by such corporation. The Secretary of State shall enter the amount of any such additional license fee with the name of the corporation in a record to be kept by him, and shall mail a notice of the amount of such additional license fee to such corporation at its registered office in this State. Such additional license fee shall be paid by such corporation to the State Treasurer within thirty (30) days after the mailing by the

Secretary of State of such notice. When paid, the State Treasurer shall file a duplicate receipt therefor with the Secretary of State.

§ 16. WITHDRAWAL FROM STATE.] (a) If a foreign corporation holding a certificate of authority desires to withdraw, it shall file with the Secretary of State an application for withdrawal.

(b) The application for withdrawal shall set forth:

(1) The name of the corporation and the State or Country under the laws of which it is organized;

(2) That it has no property located in this State and has ceased to transact business therein;

(3) That its Board of Directors has duly determined to surrender its authority to transact business in this State;

(4) That it revokes the authority of its registered agent in this State to accept service of process;

(5) The address to which the Secretary of State shall mail a copy of any process against the corporation that may be served upon him;

(6) That it will pay to the State Treasurer the amount of any additional license fees properly found by the Secretary of State to be then due from such corporation; and

(7) Such additional information as may be required or demanded by the Secretary of State to enable him to determine the additional license fees, if any, payable by such corporation, the determination thereof to be made in the manner provided by Section 15 of this Act, except that in computing such additional license fee, the amount to be used as the value of the property of the corporation located within this State shall be the highest amount or value of such property at any time in the calendar year in which the application for withdrawal is filed.

(c) The application for withdrawal shall be executed, acknowledged and verified on behalf of the corporation by its president or a vice-president, and by its secretary or an assistant secretary, or, if the corporation is in the hands of a receiver or trustee, by such receiver or trustee.

(d) Such applications for withdrawal shall be delivered to the Secretary of State. Upon receipt thereof he shall examine the same, and if he finds that it conforms to the provisions of this Act he shall, when all license fees, filing fees and other charges have been paid as required by law, file the same in his office and shall issue and record a certificate of withdrawal, and shall thereupon transmit such certificate, together with a fee of One (\$1.00) Dollar, to the Register of Deeds of the County in which the registered office of the corporation in this State is situated, and the Register of Deeds shall record such certificate for such fee. Upon the issuance of such certificate, the authority of the corporation to transact business in this State shall cease.

§ 17. REVOCATION OF LICENSE.] (a) The certificate of authority of a foreign corporation to transact business in this State shall be revoked by the Secretary of State if it fails:

- (1) To pay any fee under the provisions of this Act;
- (2) To designate a registered agent when a vacancy occurs in that office, or when the appointed registered agent becomes disqualified or incapacitated;
- (3) To file amendments to its articles of incorporation, articles of reduction of stated capital, or articles of merger or consolidation, as required in Section 11 of this Act; or
- (4) To file an annual report.

(b) When the Secretary of State shall find that any such default has occurred, he shall give notice by registered mail to such corporation at its registered office in this State that such default exists and that its certificate of authority will be revoked unless such default shall be cured within thirty (30) days after the mailing of such notice.

(c) The Secretary of State shall revoke the certificate of authority of such corporation to do business in this State if such default shall not be cured within such period of thirty (30) days; provided that for good cause shown the Secretary of State may enlarge said period from time to time, but the aggregate of such enlargements shall not exceed three months.

(d) Upon revoking such certificate of authority, the Secretary of State shall:

- (1) Issue a certificate of revocation in duplicate;
- (2) Transmit one of such certificates to the Register of Deeds of the County in which the registered office of the corporation in this State is situated, and the Register of Deeds shall record the same without any fee therefor;
- (3) Mail to such corporation at its principal office in the State or Country under the laws of which it is organized a notice of such revocation accompanied by one such certificate and mail to such corporation at its registered office in this State a notice of such revocation.

(e) Upon the issuance of such certificate of revocation, the authority of the corporation to transact business in this State shall cease.

§ 18. ATTORNEY GENERAL TO BRING ACTION.] (a) Whenever the public interest may require, the Attorney General shall bring an action against a foreign corporation to cancel its certificate of authority to transact business in this State upon the ground that:

- (1) The certificate of authority was procured through fraud practiced upon the State;

(2) The certificate of authority should not have been issued to the corporation under this Act ;

(3) The certificate of authority was procured without a substantial compliance with the conditions prescribed by this Act as precedent or essential to its issuance ;

(4) The corporation has offended against any provisions of the statutes regulating corporations, or has abused or usurped corporate privileges or powers ;

(5) The corporation is knowingly and persistently violating any provision of law ; or

(6) The corporation has done or omitted any act which amounts to a surrender of its certificate of authority.

(b) If the ground for the action is an act which the corporation has done or omitted to do, and it appears probable that correction can be made, then such action shall not be instituted, unless the Attorney General shall give notice to such corporation by registered mail at its registered office in this State that such default or violation exists, and that an action to cancel its certificate of authority will be begun unless such default shall be cured or such violation discontinued within thirty (30) days after the mailing of such notice. Such action shall be begun by the Attorney General if such default shall not be cured, or such violation discontinued, within such period of thirty (30) days ; provided that for good cause shown the Attorney General may enlarge said period from time to time, but the aggregate of such enlargements shall not exceed three months.

(c) The Attorney General shall cause two certified copies of the judgment cancelling a certificate of authority to be delivered to the Secretary of State. The Secretary of State shall file one copy in his office, and shall transmit the other copy to the Register of Deeds of the County in which the registered office of the corporation in this State is situated. The Register of Deeds shall record the same without any fee therefor.

§ 19. APPLICATION FOR REINSTATEMENT.] (a) Any foreign corporation whose certificate of authority to do business in this State shall have been revoked or cancelled may file with the Secretary of State an application for reinstatement. Such application shall be on forms prescribed by the Secretary of State, shall contain all the matters required to be set forth in an original application for a certificate of authority, and such other pertinent information as may be required by the Secretary of State.

(b) If the certificate of authority was revoked by the Secretary of State pursuant to Section 17 of this Act, the corporation shall pay to the State Treasurer One Hundred (\$100.00) Dollars before it may be reinstated.

(c) If the certificate of authority was cancelled by a judgment pursuant to Section 18 of this Act, the corporation shall pay to the

State Treasurer Five Hundred (\$500.00) Dollars before it may be reinstated.

(d) Upon the filing of such application and upon payment of all penalties, fees and charges required by law, not including, however, an initial license fee or additional license fees to the extent that the same have heretofore been paid by such corporation, the Secretary of State shall reinstate the license of such corporation, and shall issue and record a certificate of reinstatement and shall transmit such certificate, together with a fee of One (\$1.00) Dollar, to the Register of Deeds of the County in which the registered office of the corporation in this State is situated. The Register of Deeds shall record such certificate for such fee.

§ 20. FOREIGN CORPORATION MAY NOT MAINTAIN ACTION UNLESS LICENSED.] (a) No foreign corporation transacting business in this State without a certificate of authority shall be permitted to maintain an action in any Court of this State until such corporation shall have obtained a certificate of authority. Nor shall an action be maintained in any Court by any successor or assignee of such corporation or any right, claim, or demand arising out of the transaction of business by such corporation in this State until a certificate of authority to transact business in this State shall have been obtained by such corporation or by a corporation which has acquired all or substantially all of its assets; provided that if such assignee shall be a purchaser without actual notice of such violation by the corporation, recovery may be had to an amount not greater than the purchase price; and provided further that this Section shall not be construed to alter the rules applicable to a holder in due course of a negotiable instrument.

(b) The failure of a foreign corporation to obtain a certificate of authority to transact business in this State does not impair the validity of any contract or Act of such corporation, and shall not prevent such corporation from defending any action in any Court of this State.

(c) Any foreign corporation which transacts business in this State without a certificate of authority shall forfeit and pay to this State a penalty not exceeding One Thousand (\$1000.00) Dollars and an additional penalty not exceeding One Hundred (\$100.00) Dollars for each month or fraction thereof during which it shall continue to transact business in this State without a certificate of authority therefor. Such penalties may be recovered in the District Court of any County in which such foreign corporation has done business or has property or has a place of business, by an action in the name of the State brought by the Attorney General.

§ 21. FEES.] The Secretary of State shall charge and receive the following fees for the following services:

- (1) For filing an application for a certificate of authority, Five (\$5.00) Dollars;
 - (2) For filing an annual report, Five (\$5.00) Dollars;
 - (3) For filing articles of amendment or an instrument evidencing a reduction of stated capital, or a merger or consolidation, Two (\$2.00) Dollars;
 - (4) For filing application for withdrawal and final report, Five (\$5.00) Dollars;
 - (5) For filing a change of address of registered office or revocation or change of appointment of a registered agent, One (\$1.00) Dollar;
 - (6) For filing an application for reinstatement of a certificate of authority, Five (\$5.00) Dollars;
 - (7) For issuing any certificate pursuant to the provisions of this Act, Two (\$2.00) Dollars;
- (b) In addition thereto, in each instance in which he is required by this Act to transmit a certificate to a Register of Deeds for record, the Secretary of State shall charge and receive One (\$1.00) Dollar for recording such certificate with the Register of Deeds.

§ 22. APPLICABLE TO PRESENT CORPORATIONS.] (a) Except as in this Section otherwise provided, this Act shall be applicable to all foreign corporations heretofore or hereafter transacting business in this State.

(b) Licenses to foreign corporations to do business in this State existing on the effective date of this Act shall continue in full force and effect until March 1, 1938, and shall then terminate without further Act.

(c) Any foreign corporation, which on the effective date of this Act holds a valid license to do business in this State, may at any time prior to March 1, 1938, deliver to the Secretary of State the instruments which it would be required under the provisions of this Act to deliver to him if such corporation were then originally applying for a certificate of authority to transact business in this State, omitting, however, any of such instruments already on file or of record in the office of the Secretary of State. If all of such instruments would, according to law, entitle such foreign corporation, upon payment of all fees and charges required by law, to a certificate of authority to transact business in this State, the Secretary of State, without requiring payment of an initial license fee shall file in his office all such instruments as are not already filed there, shall issue and record a certificate of authority, and shall transmit the same to the Register of Deeds of the County in which the registered office of such corporation in this State is situated, together with a fee of One (\$1.00) Dollar, and the Register of Deeds shall record

the same for such fee. Upon issuance of such certificate of authority such foreign corporation shall possess the same rights and privileges that a foreign corporation originally obtaining a similar certificate of authority would possess under this Act.

(d) Any foreign corporation licensed to transact business in this State when this Act becomes effective, which thereafter obtains a certificate of authority pursuant to the provisions of this Section may continue to transact business in this State pursuant to such certificate of authority using the name under which it is, on the effective date of this Act, licensed to transact business in this State, whether or not the use of such name is in violation of the provisions of Section 4 of this Act.

(e) Nothing herein contained shall be construed to exempt such foreign corporation from the obligation of making annual reports and paying additional license fees in accordance with the provisions of this Act.

(f) In computing any additional license fee for such corporation there shall be credited all license fees paid by such corporation to this State under this Act and under any prior laws relating to the admission of foreign corporations to do business in this State.

(g) The provisions of this Act shall not apply to any association or cooperative corporation, organized under the laws of any State or of the United States, providing for and creating such cooperative associations or cooperative corporations.

§ 23. CERTIFICATES.] (a) Any certificate issued by the Secretary of State pursuant to the provisions of this Act, and copies of such certificates certified by him, shall be prima facie evidence of the matters stated therein and, except certificates issued pursuant to Paragraph (b) of this Section, may be recorded in the office of the Register of Deeds of any County in this State.

(b) A certificate of the Secretary of State to the effect that a foreign corporation is not authorized to transact business in this State shall be prima facie evidence of the facts therein stated.

§ 24. PROVISIONS SEVERABLE.] The invalidity of any part of this Act shall not affect the validity of any other part thereof which can be given effect without such invalid part.

§ 25. NORTH DAKOTA FOREIGN CORPORATION ACT.] This Act may be cited as the North Dakota Foreign Corporation Act.

§ 26. MAY AMEND ACT.] The State hereby fully reserves the right to alter, amend or repeal the several provisions of this Act, and all rights and privileges granted or extended hereunder shall be subject to such reserved right.

§ 27. LAWS REPEALED.] All Acts or parts of Acts, in so far as they are in conflict herewith are hereby repealed; reserving to the

State, however, all rights to recover fines for violations thereof occurring prior to the taking effect hereof, and reserving all rights of parties to any action pending in this State at the effective date hereof.

§ 28. NOT TO DO BUSINESS UNDER FORMER LAWS.] No foreign corporation, other than as hereby excepted, shall hereafter be licensed to do business in this State, pursuant to the provisions of law hereby repealed.

§ 29. FEES, DISPOSITION THEREOF.] Any and all expenses incurred by the Secretary of State in the administration of this Act shall be paid out of the fund accruing from the fees imposed by and collected under the provisions hereof. All moneys collected hereunder, less the expense incurred in the administration of this Act, shall be deposited quarterly by the Secretary of State with the State Treasurer, who shall credit them to the General Fund of the State.

§ 30. DATE EFFECTIVE.] This Act shall take effect July 1st, A. D. 1937, except that the provisions of Section 27 hereof shall not take effect until March 1st, A. D. 1938.

Approved March 11, 1937.

CHAPTER 117

S. B. No. 253—(Delayed Bills Committee)

MUTUAL AID CORPORATIONS AMENDMENTS

An Act to amend and re-enact Sections 5 and 6 of Chapter 109 of the Session Laws of North Dakota for the year 1935, relating to Mutual Aid Corporations, and declaring an emergency.

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

§ 1. That Section 5 of Chapter 109 of the Session Laws of the State of North Dakota for the year 1935, be and the same is hereby amended and re-enacted so as, to read as follows:

§ 5. Such corporation may require that any member or stockholder applying for a loan from or through such corporation shall comply with and conform to such rules and regulations with reference to purchase of additional stock or additional fees and dues to be paid by borrowing members or stockholders as may be fixed by the by-laws, and may require that borrowing members or stockholders shall make deposits or give security for the repayment of loans. No loan shall be made to any person not a member or stockholder of the corporation. Other co-operative and voluntary associations, *incorporated or not incorporated*, engaged in activities for the benefit of which the corporation is formed may be admitted to membership or become a stockholder, as the case may be, in the manner provided by the by-laws, upon the payment of all proper fees and dues and

upon the filing with the secretary of the corporation, of a duly certified copy of a resolution of the Board of Directors of such other corporation or association authorizing some member or officer thereof to act as its agent and attorney in connection with the affairs of the corporation and to cast its vote at all meetings thereof, which said authority may be revoked only by the filing of a certified copy of a resolution naming and appointing some other agent or representative or by the withdrawal of the corporation or association as a member or stockholder as the case may be.

§ 2. That Section 6 of Chapter 109 of the Session Laws of North Dakota for the year 1935, be and the same is hereby amended and re-enacted so as to read as follows:

§ 6. The Board of Directors of such corporation shall consist of not less than five nor more than nine Directors and may be elected at such times and for such periods, and in such manner, and their qualifications shall be such, as shall be provided or prescribed by the Article of Incorporation or by-laws of such corporation. The Board shall select from among its members a president and shall select from among the members or stockholders of the association, a secretary-treasurer who shall serve for a period of one year or until their successors are elected and qualified. No officer or Director shall receive any compensation for his services as such except such per diem and actual expenses as may be determined by the members or stockholders of the corporation at an annual or special meeting provided, however, that the secretary-treasurer shall be the custodian of all funds of the corporation and shall give bond in such an amount as may be fixed by the by-laws.

§ 3. EMERGENCY. An emergency is hereby declared to exist and this Act shall take effect and be in force from and after its passage and approval.

Approved March 16, 1937.

(NOTE: Senate Emergency Certificate shows Ayes, 29; Nays, 15; Absent, 5.)

CHAPTER 118

H. B. No. 136—(Burgum)

TRANSFER OF REAL ESTATE BY CORPORATIONS

An Act to amend and re-enact Sections 5512, 5513, 5514 and 5515 of the Compiled Laws of the State of North Dakota for the year 1913, relating to transfer of interests of real estate by corporations; repealing all Acts or parts of Acts in conflict therewith and declaring an emergency.

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

§ 1. AMENDMENT.] That Section 5512 of the Compiled Laws

of the State of North Dakota for the year 1913 be, and is hereby amended and re-enacted to read as follows :

§ 5512. BY-LAWS EMPOWERING OFFICERS AND OTHER PERSONS TO EXECUTE.] Any foreign or domestic corporation may in its by-laws empower any one or more of its officers severally or conjointly to execute and acknowledge in its behalf conveyances, transfers, assignments, releases, satisfactions or other instruments affecting liens upon, titles to or interests in real estate; provided that a United States corporation that is an agency or an instrumentality of the United States may in its by-laws empower anyone or more of its officers or anyone or more persons severally or conjointly to execute and acknowledge such instruments.

§ 2. AMENDMENT.] That Section 5513 of the Compiled Laws of the State of North Dakota for the year 1913 be, and is hereby amended and re-enacted to read as follows :

§ 5513. WHO EXECUTES IF NOT SO EMPOWERED.] In the absence of any by-laws the president or secretary of any corporation, and the president, secretary, treasurer or cashier of any loan, trust or banking corporation may execute and acknowledge such instruments when authorized by resolution of the Board of Directors; provided that a United States Corporation that is an agency or an instrumentality of the United States may authorize by resolution of its Board of Directors any one or more of its officers or anyone or more persons severally or conjointly to execute and acknowledge such instruments.

§ 3. AMENDMENT.] That Section 5514 of the Compiled Laws of the State of North Dakota for the year 1913 be, and is hereby amended and re-enacted to read as follows :

§ 5514. PRIOR INSTRUMENTS LEGALIZED.] All instruments affecting liens upon, titles to, or interests in real estate heretofore executed and acknowledged in good faith by the treasurer or cashier in behalf of any loan, trust or banking corporation or by the regional treasurer of any United States Corporation are declared valid and effectual to the same extent as they would have been had the first and second Sections hereof been in force at the time of their execution.

§ 4. AMENDMENT.] That Section 5515 of the Compiled Laws of the State of North Dakota for the year 1913 be, and is hereby amended and re-enacted to read as follows :

§ 5515. FORM OF CORPORATION SIGNATURE.] The signature of a corporation to any instrument mentioned in Sections 5512, and 5513 may be as follows :

..... (full name of corporation) by (some officer or other person authorized by resolu-

tion or the by-laws of the corporation to execute and acknowledge such instrument)

ATTEST:
..... (official or other designation of person signing)
(Seal)

§ 5. REPEAL.] All Acts and parts of Acts in conflict with the provisions of this Act are hereby repealed.

§ 6. 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 10, 1937.

CHAPTER 119

H. B. No. 13—(Traynor)

CORPORATION—QUORUM, PROXY

An Act to amend and re-enact Section 4547 to the Compiled Laws of North Dakota for the year 1913.

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

§ 1. AMENDMENT.] Section 4547 of the Compiled Laws of North Dakota for the year 1913 is amended and re-enacted as follows:

§ 4547. QUORUM. PROXY.] At all elections or votes had for any purpose there must be a majority of the subscribed capital stock, or of the members, represented either in person or by proxy in writing. Every person acting therein in person, or by proxy, or representative must be a member thereof or a bona fide stockholder, having stock in his own name on the stock books of the corporation at least ten days prior to the election. Any vote or election had other than in accordance with the provisions of this Article is voidable at the instance of absent stockholders or members and may be set aside by petition to the District Court of the County where the same was held. Any regular or called meeting of the stockholders or members may adjourn from day to day, or from time to time, if for any reason there is not present a majority of the subscribed stock or members, or no election had, such adjournment and the reasons therefor being recorded in the journal of proceedings of the Board of Directors.

Provided that in cases of corporations of less than Ten Thousand Dollars paid up capital stock and where no stockholder has more than five per cent of the stock registered in his own name on the stock books of the corporation, the stockholders of any such corporation may by resolution change the requirements for a quorum and such resolution shall be effective for such corporation after it has been submitted to and approved by the Secretary of State.

Approved February 6, 1937.