

CORPORATIONS

CHAPTER 128

SENATE BILL NO. 2406
(Olson)

SECURITIES ACT REQUIREMENTS

AN ACT to amend and reenact subsections 1 and 12 of section 10-04-02, subsections 1 and 3 of section 10-04-03, subdivisions d and h of subsection 6 of section 10-04-05, section 10-04-08.1, section 10-04-13, and subsection 1 of section 10-04-16 of the North Dakota Century Code, relating to securities act definitions, administration exemptions, registration by qualification, appeals, and orders; to repeal section 10-04-12.1 of the North Dakota Century Code, relating to the board of review; and declaring an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE
STATE OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Subsections 1 and 12 of section 10-04-02 of the 1981 Supplement to the North Dakota Century Code are hereby amended and reenacted to read as follows:

1. "Commissioner" shall mean the ~~commissioner~~ of securities commissioner of this state.
12. "Security" shall mean any note_; stock_; treasury stock_; bond_; debenture_; evidence of indebtedness_; certificate of interest or participation in any profit-sharing agreement_; certificate of interest or participation in an oil, gas, or mining title or lease or in payments out of production under such a title or lease_; collateral trust certificate_; preorganization certificate or subscription_; transferable share_; investment contract_; program, contract, or other arrangement in which persons invest in a common enterprise the returns of which depend to any extent upon inducing other persons to participate or invest in the enterprise_; investment of money or money's worth including goods furnished or services performed in the risk capital of a venture with the expectation of profit or some other form of benefit to the investor where the investor has no direct control over the investment or policy decisions of the venture_; voting-trust certificate_; certificate of deposit for a

security, or beneficial interest in title to property, profits, or earnings, or, in general, any interest or instrument commonly known as a "security" or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing.

SECTION 2. AMENDMENT. Subsections 1 and 3 of section 10-04-03 of the 1981 Supplement to the North Dakota Century Code are hereby amended and reenacted to read as follows:

1. The state securities commissioner shall be appointed by the governor and confirmed by the senate, and shall hold his office for a term of four years ~~and, beginning on the first day of July following a national presidential election, and continuing until his successor has been appointed, confirmed by the senate, and has qualified, unless he is removed sooner as herein provided. However, an interim appointment may be made by the governor if~~ if the senate is not in session the governor may make an interim appointment and such the interim appointee may hold office until the senate has had an opportunity to confirm or reject such confirms or rejects the appointment, and his term of office shall commence on the first day of July in each year next following a national presidential election. The state securities commissioner shall be skilled in securities, and shall not be an incumbent of any other public office in the state, ~~or in any county, municipality, or public institution thereof, and shall not own, hold, or control any stocks, capital, bonds, or securities, and shall not hold the office of trustee, assignee, officer, agent, or employee of any financial institution under his jurisdiction or of any corporation engaged in the business of guaranteeing or ensuring the fidelity or faithful performance of the duties or the solvency of public officers or of public depositaries.~~ The commissioner may not own or control any security required to be registered under this chapter, and may not be an officer, director or employee of any dealer, salesman or investment advisor required to be registered under this chapter. The governor may remove from office any state securities commissioner who violates or fails to discharge faithfully the duties of his office or who becomes disqualified under the provisions of this section.

It shall be the prime duty of such commissioner to administer the provisions of this chapter. The commissioner shall receive a salary within the amount appropriated for salaries by the legislative assembly. The commissioner shall use a seal with the words "securities commissioner, North Dakota" and such design as the commissioner may prescribe engraved thereon by which seal the commissioner ~~shall~~ may authenticate ~~proceedings~~

and documents used by him in the administration of this chapter. The commissioner shall employ from time to time such ~~clerks and~~ employees as are necessary for the administration of this chapter, and they shall perform the duties assigned by the commissioner. In the absence or disability of the commissioner, his chief deputy shall administer the provisions of this chapter, as acting commissioner.

3. The commissioner, or any person employed by him, shall be paid in addition to their regular compensation, ~~transportation, board, lodging, and other traveling~~ travel expenses necessary and actually incurred by each of them in the performance of their duties ~~under this chapter~~. ~~Such traveling expenses shall include the expenses of the commissioner or any person designated by him in attending the annual convention of the North American association of securities administrators, and the annual dues to said North American association shall be paid from appropriated funds-~~

SECTION 3. AMENDMENT. Subdivisions d and h of subsection 6 of section 10-04-05 of the 1981 Supplement to the North Dakota Century Code are hereby amended and reenacted to read as follows:

- d. The issuer has had annual consolidated net income (before extraordinary items and the cumulative effect of accounting changes) as follows: (1) at least one million dollars in four of its last five fiscal years including its last fiscal year, and (2) if the offering is of interest-bearing or of fixed or floating rate dividend securities, at least one and a half times its annual interest and dividend expense, calculating net income before deduction for income taxes and depreciation and giving effect to the proposed offering and the intended use of the proceeds, for its last fiscal year. Floating rate dividend shall be calculated with reference to interest rates in the marketplace at the time of the offering. "Last fiscal year" means the most recent year for which audited financial statements are available, provided that such statements cover a fiscal period ended not more than fifteen months from the commencement of the offering.
- h. And provided further that, if the issuer of the securities is a finance company with liquid assets of at least one hundred five percent of its liabilities (other than deferred income taxes, deferred investment tax credits, capital stock, and surplus) at the end of each of its last five fiscal years, the net income requirement of paragraph 2 of subdivision d, but before deduction for interest expense, shall be one and a quarter times its annual interest expense.

"Finance company" means a company engaged (directly or through consolidated subsidiaries) primarily in the business of wholesale, retail, installment, mortgage, commercial, industrial, or consumer financing, banking, or factoring. "Liquid assets" means cash, receivables payable on demand or not more than twelve years following the close of the company's last fiscal year, and readily marketable securities, in each case less applicable reserves and unearned income.

SECTION 4. AMENDMENT. Section 10-04-08.1 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

10-04-08.1. Authority of commissioner as to registration of securities. The right to sell securities in this state shall not be granted in any case where it appears to the commissioner that the sale of such securities would work a fraud or deception on purchasers or the public, or that the proposed disposal of the securities is on unfair terms, or if the proposed plan of business of the applicant appears to be unfair, unjust, or inequitable. When the commissioner deems it necessary he shall have power, in connection with pending applications and at the expense of the applicant, to require the applicant to furnish additional information, to order appraisals, audits, or other examinations and reports, and, where the applicant is the issuer of the securities, or the proposed sale is to be on behalf of the issuer, to make an investigation of the books, records, property, business, and affairs of such issuer.

Upon compliance with all the provisions of this chapter relating to applications for registration by qualification and the requirements of the commissioner, the commissioner shall either register such securities or if he is of the opinion that sale of the securities would be contrary to the provisions of this section, he shall deny the application. ~~If the commissioner fails to either approve or deny the application within sixty days after date of filing of the application, the applicant may request the board of review provided for in section 10-04-12.1 to consider the application, and upon receiving such request the board of review shall consider the application and render a decision as to whether the securities shall be registered or whether the application shall be denied, which decision shall be accompanied by a findings of fact and conclusions of law supporting such decision.~~ However, the commissioner shall have power to place such conditions, limitations, and restrictions on any registration as may be necessary to carry out the purposes of this chapter. Registration shall be by entry in the register of securities, which entry shall show the securities registered and for whom registered, and the conditions, limitations, and restrictions, if any, or shall make proper reference to a formal order of the commissioner on file showing such conditions, limitations, and restrictions. Included among any other reasonable conditions, limitations, and restrictions which the commissioner may deem necessary, are the following:

1. The commissioner may by rule, order, or directive require that any security issued or to be issued to a promoter for a consideration different from the public offering price, or to any person for a consideration other than cash, be deposited in escrow with him or some other depository satisfactory to him under an escrow agreement that the owners of such securities shall not be entitled to sell or transfer such securities or to withdraw such securities from escrow until all other stockholders who have paid for their stock in cash shall have been paid a dividend or dividends aggregating not less than six percent of the initial offering price shown to the satisfaction of the commissioner to have been held actually earned on the investment in any common stock as held. In case of dissolution or insolvency during the time such securities are held in escrow, the owners of such securities shall not participate in the assets until after the owners of all other securities shall have been paid in full.
2. The commissioner may by rule, order, or directive require that all the proceeds from the sale of the registered security be impounded until the issuer receives a specified amount of funds, which amount shall be determined by the commissioner.
3. The commissioner may refuse to allow the granting of any stock options to any person, but if such an option is allowed, the commissioner may prescribe that the price at which the option can be exercised shall be increased each year in which it is not exercised in an amount to be determined by the commissioner and that the option shall lapse altogether after a specified period to be set by the commissioner.
4. If any stock is given for past services or consideration, the commissioner may require that the issuer submit to him a strict and comprehensive evaluation of such past services or consideration and may limit the amount of stock so given in order that it is commensurate with the value of the past services and in no case shall the commissioner allow stock to be given for future services.
5. The commissioner may limit the price at which the securities, either of par or no par value, may be sold, and if such securities are quoted by a recognized quotation list such price shall be limited to an amount not unreasonably in excess of the amount quoted.
6. The commissioner may by rule, order, or directive limit compensation, and all other expenses paid or incurred, directly or indirectly in connection with the organization, registration, or sale of securities, to an amount not in excess of compensation paid or expenses

- incurred in connection with the organization, registration, or sale of similar securities.
7. If more than one class of stock is issued and one class of stock is issued for the purpose of giving preference as to dividends, the commissioner may require that a greater consideration, commensurate with the value of the dividend preference, be paid per share for such stock.
 8. The commissioner may by rule, order, or directive require that any security registered be sold only on a specified form of subscription or sale contract, and that a signed or conformed copy of each contract be filed with the commissioner or preserved by the corporation for any period up to three years specified in the rule or order.
 9. So long as the registration is effective, the commissioner may by rule or order require the person who filed for registration to file reports, not more often than quarterly, to provide reasonably current information upon the matters contained in the registration statement, and to disclose the progress of the offering.
 10. The commissioner shall have the authority to disapprove an application for registration of any security when it is established that one or more of the promoters are not of good business reputation or character.

SECTION 5. AMENDMENT. Section 10-04-13 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

10-04-13. Appeals. An appeal may be taken from any ~~decision~~ final order of the ~~board of review commissioner~~ by any person adversely affected thereby to the district court of Burleigh County, North Dakota, by serving on the commissioner within twenty days after the date of entry of the ~~decision of the board of review~~ order a written notice of appeal, signed by the appellant, stating:

- a. The order ~~of the board of review~~ from which the appeal is taken.
 - b. The grounds upon which a reversal or modification of such order is sought.
 - c. A demand for a certified transcript of the record of such order.
1. Upon receipt of such notice of appeal, the commissioner shall, within ten days thereafter, make, certify, and deliver to the appellant a transcript of the record of the order from which the appeal is taken; provided, that the appellant shall pay the reasonable costs of such transcript. The appellant shall, within five days after receipt of such

transcript, file such transcript and a copy of the notice of appeal with the clerk of the court. Said notice of appeal and transcript of the record shall constitute appellant's complaint. Said action shall thereupon be entered on the trial calendar of the court.

2. If the order of the commissioner shall be reversed, the court shall by order specifically direct the commissioner as to his further action in the matter, including the making and entering of any order or orders in connection therewith, and the conditions, limitations, or restrictions to be therein contained.

SECTION 6. AMENDMENT. Subsection 1 of section 10-04-16 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

1. Issue any order, including, but not limited to, cease and desist, stop, and suspension orders, which he deems necessary or appropriate in the public interest or for the protection of investors; provided, however, that any person aggrieved by an order issued pursuant to this subsection may request a hearing before the commissioner if such request is made within ten days after receipt of the order. The provisions of subsections 2, 3, 4, and 5 of section 10-04-12 shall apply to any hearing conducted hereunder. If, after a hearing, the commissioner shall sustain an order previously issued, the sustaining order shall be subject to appeal to the district court of Burleigh County by serving on the commissioner within twenty days after the date of entry of the sustaining order a written notice of appeal signed by the appellant stating:
 - a. The order of the commissioner from which the appeal is taken.
 - b. The grounds upon which a reversal or modification of such order is sought.
 - c. A demand for a certified transcript of the record of such order.

The provisions of subdivisions 1 and 2 of section 10-04-13 shall apply to an appeal hereunder. ~~Application to the board of review shall not be a condition precedent to an appeal to the district court under this subsection; any provision in section 10-04-12-1 to the contrary notwithstanding.~~

SECTION 7. REPEAL. Section 10-04-12.1 of the North Dakota Century Code is hereby repealed.

SECTION 8. EMERGENCY. This Act is hereby declared to be an emergency measure and is in effect from and after its passage and approval.

Approved March 15, 1983

CHAPTER 129

HOUSE BILL NO. 1043
(Legislative Council)
(Interim Budget "C" Committee)

FILING FEES RELATED TO SECURITIES

AN ACT to amend and reenact subsection 9 of section 10-04-06, subsection 5 of section 10-04-07, subsection 2 of section 10-04-08, and subsection 6 of section 10-04-10 of the North Dakota Century Code, relating to registration and filing fees for securities, securities salesmen, and exempt securities transactions.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE STATE OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Subsection 9 of section 10-04-06 of the 1981 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

9. Any transaction pursuant to an offer directed by the offeror to not more than ten persons (other than those designated in subsection 5) in this state during any period of twelve consecutive months, whether or not the offeror or any of the offerees is then present in this state, if all of the following conditions are met:
 - a. The seller reasonably believes that all the buyers in this state (other than those designated in subsection 5) are purchasing for investment.
 - b. No commission or other remuneration is paid or given directly or indirectly for soliciting any prospective buyer in this state (other than those designated in subsection 5).
 - c. The offeror applies for and obtains the written approval of the commissioner prior to making any offers in this state and pays a filing fee of ~~fifty~~ one hundred dollars, which fee must accompany the application for approval.

Provided, however, that the commissioner may by rule or order, as to any security or transaction or any type of security or transaction, withdraw or further condition this exemption, or increase or decrease the number of offerees permitted, or waive the conditions in subdivisions a, b, and c with or without the substitution of a limitation on remuneration.

SECTION 2. AMENDMENT. Subsection 5 of section 10-04-07 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

5. For the registration of securities by description there shall be paid to the commissioner a registration fee of one-twentieth of one percent of the aggregate offering price of the securities which are to be sold in this state, but in no case shall such registration fee be less than ~~fifty~~ one hundred dollars or more than five hundred dollars. For the renewal of the registration of securities by description there shall be paid to the commissioner a renewal fee of ~~fifty~~ one hundred dollars.

SECTION 3. AMENDMENT. Subsection 2 of section 10-04-08 of the 1981 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

2. a. Payment of a registration fee for each security or class of security to be registered as follows:
 - (1) One-tenth of one percent of the first seven hundred fifty thousand dollars of the aggregate offering price of each security or class of security to be registered.
 - (2) One-twentieth of one percent of any amount in excess of seven hundred fifty thousand dollars of the aggregate offering price of each security or class of security to be registered.
 - (3) In no event shall such registration fee be less than ~~seventy-five~~ one hundred dollars for each security or class of security to be registered. If the application for registration is denied, such registration fee less the actual cost to the state of processing and investigating as determined by the commissioner shall be returned to the applicant.
 - (4) Provided, further, that any applicant may register additional securities under this subdivision before the expiration of one year from the date of the registration certificate at the same reduced fee, which shall be computed as provided in paragraphs 1 and 2 as a separate fee

for each additional amount registered, as if the additional securities had been included in the other registration of that year, registration year and not calendar year.

- (5) For the renewal of the registration of securities for additional periods of one year there shall be paid a renewal fee of ~~seventy-five~~ one hundred dollars.
- b. (1) Each open-end management company, unit investment trust, and face amount certificate company, as defined in the Investment Company Act of 1940 [Pub. L. 76-768; 54 Stat. 789; 15 U.S.C. 80a-1 et seq.] may register an indefinite number or amount of securities by including on the facing sheet of its registration statement a declaration that an indefinite number or amount of securities is being registered by such registration statement.
- (2) At the time a declaration is filed there shall be paid a registration fee of ~~two hundred fifty~~ five hundred dollars.
- (3) Provided, further, that those issuers of several classes of such securities may not combine the registration of several classes.
- (4) Each open-end management company, unit investment trust, and face amount certificate company, as defined in the Investment Company Act of 1940 [Pub. L. 76-768; 54 Stat. 789; 15 U.S.C. 80a-1 et seq.] having an effective registration statement relating to an indefinite number or amount of securities shall, within sixty days after the end of any fiscal year and after the registration is terminated, file a report of the ~~amount~~ aggregate public offering price of securities sold in this state during the fiscal year and shall pay a filing fee of ~~one hundred dollars~~ one-twentieth of one percent of such amount, but in no case shall such filing fee be less than one hundred dollars nor more than two hundred fifty dollars. Failure to file the report and fee shall be cause for the issuance of a stop order.

SECTION 4. AMENDMENT. Subsection 6 of section 10-04-10 of the 1981 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

6. Fees. The fee, which must accompany the application, for registration and for each annual renewal thereof shall be:

| | | | |
|----|---|---------------------|--------------|
| a. | For each dealer employing fifteen or fewer salesmen in this state ----- | \$100.00 | |
| b. | For each dealer employing more than fifteen salesmen in this state ----- | \$175.00 | |
| c. | For each salesman | | |
| | General examination ----- | \$ 10.00 | |
| | State law examination ----- | \$ 5.00 | |
| | Registration fee ----- | \$ 15.00 | <u>20.00</u> |
| | Renewal fee ----- | \$ 10.00 | <u>20.00</u> |
| d. | For each investment adviser | | |
| | General examination ----- | \$ 10.00 | |
| | State law examination ----- | \$ 5.00 | |
| | Registration fee ----- | \$ 50.00 | |

An application to register as a dealer, salesman, or investment adviser may, with the consent of the commissioner, be withdrawn upon written application, but in no event shall any registration fees be returned.

Approved March 3, 1983

CHAPTER 130

HOUSE BILL NO. 1563
(W. Meyer, Gullickson, Vander Vorst)

COAL MINING EXCEPTION TO CORPORATE FARMING LAW

AN ACT to create and enact a new section to chapter 10-06 of the North Dakota Century Code, providing a surface coal mining exception.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE
STATE OF NORTH DAKOTA:

SECTION 1. A new section to chapter 10-06 of the North Dakota Century Code is hereby created and enacted to read as follows:

Surface coal mining - Exception. A corporation not engaged in the business of farming or ranching may own or lease lands used for farming or ranching, when the business of such a corporation is the conducting of surface coal mining operations or related energy conversion, and when the owning or leasing of lands used for farming or ranching is reasonably necessary in the conduct of the business of surface coal mining or related energy conversion. When such necessity for owning or leasing of lands used for farming or ranching no longer exist, the exception provided for herein shall cease and the corporation owning or leasing such lands shall thereafter be subject to the provisions of this chapter.

Approved March 15, 1983

CHAPTER 131

SENATE BILL NO. 2244
(Committee on Agriculture)
(At the request of Secretary of State)

FARM CORPORATION REQUIREMENTS

AN ACT to create and enact six new sections to chapter 10-06 of the North Dakota Century Code, relating to applicability of the Business Corporation Act to the corporate farming law, to officers, directors, and shareholders of corporate farms or ranches, to an initial report, to the acquisition of farm or ranch land by certain nonprofit organizations, the application of the corporate farming law to certain business or industrial uses, and reporting requirements of certain corporations; to amend and reenact sections 10-06-07 and 10-06-08 of the North Dakota Century Code, relating to requirements to be met before a corporation will be allowed to engage in farming or ranching and reports that must be filed by farm or ranch corporations; and to provide an expiration date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE STATE OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 10-06-07 of the 1981 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

10-06-07. Corporation allowed to engage in the business of farming or ranching - Requirements. This chapter does not prohibit a domestic corporation from owning real estate and engaging in the business of farming or ranching, if all of the following requirements are met: the corporation meets all the requirements of the Business Corporation Act not inconsistent with this Act and

1. The corporation ~~does~~ must not have more than fifteen shareholders ~~or members~~.
2. Each shareholder ~~or member~~ is related to each of the other shareholders ~~or members~~ within one of the following degrees of kinship: parent, child, grandparent, grandchild, brother, sister, uncle, aunt, nephew, niece, great-grandparent, great-grandchild, first cousin, or is the spouse of a person so related.

3. Each shareholder is an individual, except that any of the following may also be shareholders:
 - a. A trust for the benefit of an individual or a class of individuals who are related to a shareholder ~~or member~~ of the corporation within the degrees of kinship specified in this section.
 - b. An estate of a decedent who was related to a shareholder ~~or member~~ of the corporation within the degrees of kinship specified in this section.

Neither a trust nor an estate may be a shareholder if the beneficiaries of the trust or the estate together with the other shareholders ~~and members~~ are more than fifteen in number.

4. Each individual who is a shareholder ~~or member~~ is a citizen of the United States or a permanent resident alien of the United States.
5. The officers and directors of the corporation must be shareholders ~~or members~~ who are actively engaged in operating the farm or ranch and at least one of its shareholders ~~or members~~ shall be an individual residing on or operating the farm or ranch.
6. An annual average of at least sixty-five percent of the corporation's gross income over the previous five years, or for each year of its existence, if less than five years, shall have been derived from farming or ranching operations.
7. The corporation's income from rent, royalties, dividends, interest, and annuities does not exceed twenty percent of the corporation's gross receipts.

SECTION 2. AMENDMENT. Section 10-06-08 of the 1981 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

10-06-08. Reports - Contents - Filing requirements. Every corporation owning or leasing land used for farming or ranching or engaged in farming or ranching after June 30, 1981, shall keep a record of transfers of shares or transfers of interests in the corporation. The corporation's secretary shall therein cause to be recorded all transfers of shares or transfers of interests among and between the corporation and its respective shareholders or holders of interest. Such record shall contain at least the following: The names of the transferor and transferee, their relationship, the number of shares or the percentage of interests transferred and the date of the transfer. Every corporation engaged in farming or ranching after June 30, 1981, shall file with the secretary of state a report ~~at the time of the filing of the corporation's articles of~~

incorporation and, thereafter, annually executed by its president, a vice president, secretary, or treasurer, prior to April fifteenth of each year containing all of the following information with respect to the preceding calendar year ending December thirty-first:

1. The name of the corporation and its place of incorporation.
2. The address of the registered office of the corporation in this state and the name and address of its registered agent in this state.
3. The acreage [hectarage] and location listed by section, township, range, and county of all land in the state owned or leased by the corporation and used for farming or ranching.
4. The names and addresses of the officers and the members of the board of directors of the corporation and if each is actively engaged in operating the farm or ranch and resides on the farm or ranch.
5. The number of shares of stock or the percentage of interest in the acreage [hectarage] the corporation used for farming or ranching owned or leased by persons residing on the farm or ranch and actively engaged in farming or ranching and the number of shares of stock or the percentage of interest in the acreage [hectarage] the corporation used for farming or ranching owned or leased by relatives within the degree of kinship listed in subsection 2 of section 10-06-07.
6. The name, address, and number of shares of stock or the percentage of interest in the acreage [hectarage] the corporation used for farming or ranching owned or leased by each shareholder ~~or member~~ and the relationship of each shareholder ~~or member~~ to the other shareholders ~~or members~~. The names and addresses and relationships of beneficiaries of trusts and estates must also be included in the report.
7. A statement as to the percentage of gross receipts of the corporation derived from rent, royalties, dividends, interest, and annuities. In addition, the corporation shall report the same information specified above as to any other shareholder ~~or member~~ since the last previous report.
8. The name of each shareholder, the relationship of each, and if each is a citizen or permanent resident alien of the United States.

No corporation may commence farming or ranching in this state until the secretary of state has inspected the initial report and

certified that the corporation's proposed operations comply with section 10-06-07. Upon receiving the annual reports required by this section, the secretary of state shall cause to be printed in a newspaper of general circulation in each county or counties wherein any land is owned or leased by each corporation filing a report the following: The names of each corporation and its respective shareholders or members as listed in the annual report and a statement to the effect that each of the corporations listed has filed in its annual report that it owns or leases land used for farming or ranching within the county and that a description of such lands is available for inspection at the secretary of state's office.

SECTION 3. A new section to chapter 10-06 of the North Dakota Century Code is hereby created and enacted to read as follows:

Applicability of Business Corporation Act. The Business Corporation Act shall be applicable to farming and ranching corporations and they shall enjoy the powers and privileges and be subject to the duties, restrictions, and liabilities of other business corporations except where inconsistent with the intent of this chapter. This chapter shall take precedence in the event of any conflict with the provisions of the Business Corporation Act.

SECTION 4. A new section to chapter 10-06 of the North Dakota Century Code is hereby created and enacted to read as follows:

Officers, directors, and shareholders. One or more shareholders may incorporate a farming or ranching corporation. A corporation which has only one shareholder need have only one director, who must be a shareholder. The shareholder shall also serve as the president and treasurer of the corporation. If the farming or ranching corporation has only one shareholder, the other officers of the corporation need not be a shareholder of the corporation. A farming or ranching corporation which has only two shareholders need have only two directors, who must be the shareholders. The two shareholders shall fill all of the general offices of the corporation between them.

SECTION 5. A new section to chapter 10-06 of the North Dakota Century Code is hereby created and enacted to read as follows:

Initial report. Every farming or ranching corporation must file an initial report with its articles of incorporation. The report must be executed by the incorporators and must contain the following:

1. The name of the corporation.
2. The name and addresses of the shareholders of the corporation.

3. Each shareholder must be related to each of the other shareholders within one of the following degrees of kinship: parent, child, grandparent, grandchild, brother, sister, uncle, aunt, nephew, niece, great-grandparent, great-grandchild, first cousin, or is a spouse of a person so related.
4. A statement that the shareholders are citizens of the United States or a permanent resident alien of the United States.
5. A statement that at least one of the shareholders is actively engaged in operating the farm or ranch and at least one of its shareholders is an individual residing on or operating the farm or ranch.
6. A statement listing the acreage and location listed by section, township, range, and county or all land in the state owned or leased by the corporation and used for farming or ranching.

No corporation may commence farming or ranching in this state until the secretary of state has received and filed the articles of incorporation and the initial report required by this section. The secretary of state shall cause to be printed in a newspaper of general circulation in each county or counties wherein any land is owned or leased by each corporation a legal notice reporting the following: The names of each corporation and its respective shareholders as listed in the initial report and a statement to the effect that each of the corporations listed has reported that it owns or leases land used for farming or ranching within the county and that a description of such land is available for inspection at the secretary of state's office.

SECTION 6. A new section to chapter 10-06 of the North Dakota Century Code is hereby created and enacted to read as follows:

Certain nonprofit organizations or trusts may own or lease land - Certain nonprofit organizations may continue farming or ranching - Restriction on acquisition and ownership of land.

1. A nonprofit organization exempt from taxation under section 501(c)(3) of the Internal Revenue Code [26 U.S.C. 501(c)(3)] or a trust for the benefit of an individual or a class of individuals related within the degrees of kinship specified in subsection 2 of section 10-06-07 may own or lease farm or ranch land if that land is leased to a person who farms or ranches the land as a sole proprietorship, partnership, or a corporation allowed to engage in farming or ranching under section 10-06-07.
2. A nonprofit organization exempt from taxation under section 501(c)(3) of the Internal Revenue Code and

actively engaged in the business of farming or ranching in this state on January 1, 1983, may continue to engage in the business of farming or ranching without interruption after January 1, 1983.

3. A nonprofit organization exempt from taxation under section 501(c)(3) of the Internal Revenue Code which owned farm or ranch land for the preservation of unique historical, archaeological, or environmental land prior to January 1, 1983, may continue ownership of such land without interruption after January 1, 1983.
4. A nonprofit organization exempt from taxation under section 501(c)(3) of the Internal Revenue Code [26 U.S.C. 501(c)(3)] may acquire farm or ranch land only by inter vivos or testamentary gift. A nonprofit organization exempt from taxation under section 501(c)(3) of the Internal Revenue Code must dispose of all farm or ranch land acquired in fee after January 1, 1983, not more than fifteen years after the date of acquiring ownership in fee.

SECTION 7. A new section to chapter 10-06 of the North Dakota Century Code is hereby created and enacted to read as follows:

Industrial and business purpose exception. A corporation which is not engaged in the business of farming or ranching may own or lease land used for farming or ranching, only when the land is necessary for residential or commercial development, the siting of buildings, plants, facilities, industrial parks, or similar business or industrial purposes of the corporation, or for uses supportive of or ancillary to adjacent nonagricultural land for the benefit of both land parcels. The farm or ranch land while not being immediately used for any purpose of the corporation must be available to be leased by persons actually engaged in farming or ranching.

SECTION 8. A new section to chapter 10-06 of the North Dakota Century Code is hereby created and enacted to read as follows:

Reports of corporations not engaged in farming or ranching. Any business or nonprofit corporation not engaged in the business of farming or ranching which owns or leases a tract of land used for farming or ranching which is larger than twenty acres [8.09 hectares] in size shall file with the attorney general, prior to July 30, 1983, and within twelve months of any transaction involving the purchase, sale, or surface leasing of such farm or ranch land by that corporation, a report containing all of the following information:

1. The name of the corporation and its place of incorporation and, if a nonprofit corporation, a copy of its section

501(c)(3) exemption letter from the Internal Revenue Service.

2. The address of the registered office of the corporation in this state and the name and address of its registered agent in this state.
3. The acreage [hectarage] and location listed by section, township, range, and county of all such land in the state owned or leased by the corporation and used for farming or ranching.
4. The date and method of acquisition or disposal of such farm or ranch land.

SECTION 9. EXPIRATION DATE. Subsection 4 of Section 6 and Section 7 of this Act are effective through June 30, 1985, and after that date are ineffective.

Approved April 20, 1983

CHAPTER 132

HOUSE BILL NO. 1398
(Representatives Brokaw, Shockman, W. Williams)
(Senators Barth, Wogsland, Kusler)

COOPERATIVES' AUTHORITY TO OPERATE RAILROADS

AN ACT to amend and reenact section 10-15-02 of the North Dakota Century Code, relating to the purposes of cooperatives and removing the prohibition against building and operating public railroads; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE
STATE OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 10-15-02 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

10-15-02. Purposes. Cooperatives may be organized under this chapter for any lawful purpose except banking, and insurance, and building or operating public railroads, but subject to statutes relating to the organization or operation of specified kinds of corporations or associations.

SECTION 2. EMERGENCY. This Act is hereby declared to be an emergency measure and shall be in effect from and after its passage and approval.

Approved March 21, 1983

CHAPTER 133

HOUSE BILL NO. 1689
(Representative C. Williams)
(Senator Thane)

COOPERATIVE ASSOCIATION OFFICERS

AN ACT to amend and reenact section 10-15-29 of the North Dakota Century Code, relating to officers of a cooperative association.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE STATE OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 10-15-29 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

10-15-29. Officers.

1. The principal officers of a cooperative are a president, one or more vice presidents as prescribed in the bylaws, a secretary, and a treasurer. They shall be elected annually by the board at such time and in such manner as the bylaws provide. Each principal officer except the secretary and the treasurer must be a director of the cooperative. The offices of secretary and treasurer may be combined in one person. If the bylaws provide, the board of directors may also elect from their number a chairman and one or more vice chairmen, in which case the president and vice presidents need not be directors or stockholders.
2. Any other officer may be chosen by the board or as provided in the bylaws.
3. All officers shall have such authority and perform such duties as the bylaws provide, or as the board may determine not inconsistent with the bylaws. Any officer may be removed by the board whenever in its judgment the best interests of the cooperative will be served thereby. Election or appointment shall not of itself create contract rights.

Approved March 10, 1983

CHAPTER 134

HOUSE BILL NO. 1137
(Committee on Agriculture)
(At the request of the Secretary of State)

COOPERATIVE ANNUAL REPORT AND FILING FEE REQUIREMENTS

AN ACT to amend and reenact sections 10-15-36 and 10-15-54 of the North Dakota Century Code, relating to annual reports, filing thereof, fees, and penalties of cooperatives.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE STATE OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 10-15-36 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

10-15-36. Annual reports - Filing thereof - Fees - Penalties.

1. A cooperative shall file an annual report signed by a principal officer or the general manager setting forth:
 - a. Its name and complete address.
 - b. The names and addresses of its directors and principal officers.
 - c. A statement, by class and par value, of the amount of stock which it has authority to issue, and the amount issued.
 - d. A statement as to the general type of business engaged in during the prior year.
2. Such annual report shall be made on forms furnished by the secretary of state, and the information therein contained shall be given as of the date of the execution of the report. Each December the secretary of state shall forward report blanks to each cooperative in good standing required to make an annual report.
3. The annual report shall be delivered to the secretary of state between January first and March thirty-first of each year following incorporation. A fee of ~~five~~ ten dollars shall be paid to the secretary of state for filing the

- report. If the report does not conform to requirements, it shall be returned to the cooperative for necessary corrections. The penalties for failure to file such report shall not apply if it is corrected and returned within thirty days after receipt thereof. The secretary of state may extend the filing date for the annual report of any cooperative whenever in his discretion he considers such an extension of time advisable and proper.
4. Any report filed after March thirty-first may be filed only upon payment to the secretary of state of the following fees:
 - a. If filed prior to May first, ~~ten~~ fifteen dollars.
 - b. If filed thereafter but not later than the following December first, ~~fifteen~~ twenty-five dollars.
 5. If the report is not filed before the following December second, the cooperative is not in good standing and shall be considered to be inactive. Until restored to good standing, the secretary of state may not accept for filing any document respecting such cooperative except those incident to its dissolution. The secretary of state, on or before the first day of July of each year following the year a cooperative is found to be inactive, shall certify to the attorney general the names of all cooperatives which have failed to file their reports in accordance with this section, together with the facts pertinent thereto, and shall also mail a copy of such certificate to the cooperative involved. Upon the receipt of such certification, the attorney general may in his discretion file an action in the name of the state against such cooperative for its dissolution.
 6. The cooperative may be restored to good standing by delivering to the secretary of state a current annual report and by paying ~~fifteen~~ twenty-five dollars for each calendar year or part thereof during which it was not in good standing, not exceeding a total of one hundred fifty dollars.

SECTION 2. AMENDMENT. Section 10-15-54 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

10-15-54. Fees. No document may be filed or recorded nor any certificate issued until all fees therefor have been paid. Any fee or penalty due under this chapter may be recovered in a suit brought by the attorney general in the name of the state. The secretary of state shall charge and collect from any association for:

1. Filing articles of association and issuing a certificate of association, ~~twenty~~ twenty-five dollars.

2. Filing articles of amendment and issuing a certificate of amendment, ~~twenty~~ twenty-five dollars.
3. Filing restated articles of association, ~~twenty~~ twenty-five dollars.
4. Filing articles of merger or consolidation and issuing a certificate of merger or consolidation, ~~twenty~~ twenty-five dollars.
5. Filing articles or decree of dissolution, ~~five~~ seven dollars and fifty cents.
6. Receiving service of any process, notice, or demand, ~~five~~ ten dollars.
7. Filing an application of a foreign cooperative for a certificate of authority to do business in this state and issuing a certificate therefor, ~~twenty-five~~ thirty-seven dollars and fifty cents.
8. Filing any other document or statement, or issuing any other certificate, ~~five~~ ten dollars.

Approved March 3, 1983

CHAPTER 135

HOUSE BILL NO. 1450
(Timm)

CORPORATE REPORT VERIFICATION REQUIREMENT

AN ACT to amend and reenact sections 10-15-51, 10-15-52.4, 10-19-10, 10-19-13, 10-19-61, 10-19-64, subsection 1 of section 10-19-66, sections 10-19-68, 10-19-69, 10-19-70, 10-20-04, 10-20-05, 10-21-01, 10-21-02, subsection 4 of section 10-21-03, section 10-21-07, subsection 4 of section 10-21-08, sections 10-21-11, 10-22-05, 10-22-09, 10-22-14, 10-23-01, 10-24-09, 10-24-35, subsection 3 of section 10-24-38, sections 10-25-04, 10-26-05, 10-27-05, 10-27-09, and 10-27-14 of the North Dakota Century Code, relating to eliminating the requirement that corporate reports, amendments, articles, and other filings under the North Dakota Cooperative Association Act, North Dakota Business Corporation Act, and North Dakota Nonprofit Corporation Act be verified.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE
STATE OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 10-15-51 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

10-15-51. Admission of foreign cooperatives. A foreign cooperative is authorized to do business in this state upon issuance of a certificate of authority to that effect by the secretary of state. In order to procure such certificate, it shall make application therefor to the secretary of state, and file a certified copy of the articles of association and all amendments on file in the state or country of incorporation. The application shall set forth:

1. The name of the cooperative and the state or country under the laws of which it is incorporated.
2. The date of incorporation and the period of duration of the corporation.
3. The address of the principal office of the cooperative in the state or county under the laws of which it is incorporated.

4. The address of the proposed registered office of the cooperative in this state, and the name of its proposed registered agent in this state at such address.
5. The purpose or purposes of the cooperative which it proposes to pursue in the transaction of business in this state.
6. The names and respective addresses of the directors and officers of the cooperative.
7. A statement of its aggregate number of members, and of the number of members by classes, if any.
8. A statement of the aggregate amount of authorized and issued capital stock itemized by classes, par value of stock, stock without par value, and series, if any, within a class.
9. Such additional information as may be necessary or appropriate in order to enable the secretary of state to determine whether such cooperative is entitled to a certificate of authority to transact business in this state and to determine and assess fees payable.

Such application shall be made on forms prescribed and furnished by the secretary of state and shall be executed in duplicate by the cooperative by its president or a vice president and by its secretary or an assistant secretary, and verified by one of the officers signing such application.

SECTION 2. AMENDMENT. Section 10-15-52.4 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

10-15-52.4. **Withdrawal of foreign cooperative.** A foreign cooperative authorized to transact business in this state may withdraw from this state upon procuring from the secretary of state a certificate of withdrawal. In order to procure such certificate of withdrawal, such foreign cooperative shall deliver to the secretary of state an application for withdrawal, which shall set forth:

1. The name of the cooperative and the state or country under the laws of which it is associated.
2. That the cooperative is not transacting business in this state.
3. That the cooperative surrenders its authority to transact business in this state.
4. That the cooperative revokes the authority of its registered agent in this state to accept service of process and consents that service of process in any

action, suit, or proceeding based upon any cause of action arising in this state during the time the cooperative was authorized to transact business in this state may thereafter be made on such cooperative by service thereof on the secretary of state.

5. A post-office address to which the secretary of state may mail a copy of any process against the cooperative that may be served on him.
6. Such additional information as may be necessary or appropriate in order to enable the secretary of state to determine and assess any unpaid fees payable by such foreign cooperative.

The application for withdrawal shall be made on forms prescribed and furnished by the secretary of state and shall be executed by the cooperative by its president or vice president and by its secretary or an assistant secretary, and verified by one of the officers signing the application; or, if the cooperative is in the hands of a receiver or trustee, shall be executed on behalf of the cooperative by such receiver or trustee and verified by him.

SECTION 3. AMENDMENT. Section 10-19-10 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

10-19-10. Change of registered office or registered agent.

1. A corporation may change its registered office or change its registered agent, or both, upon filing in the office of the secretary of state a statement setting forth:
 - a. The name of the corporation.
 - b. The address of its then registered office.
 - c. If the address of its registered office 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 be changed, the name of its successor registered agent.
 - f. That the address of its registered office and the address of the business office of its registered agent, as changed, will be identical.
 - g. That such change was authorized by resolution duly adopted by its board of directors.

Such statement shall be executed by the corporation by its president or a vice president, and verified by him,

and delivered to the secretary of state. If a registered agent changes his or its business address to a place within the same county he or it may change such address and the address of the registered office of any corporations of which he or it is the registered agent by filing a statement as required above with one copy thereof for each corporation listed on the certificate except that it need be signed only by the registered agent, need not be responsive to subdivision e or g and must recite that a copy of that statement has been mailed to each such corporation. If the secretary of state finds that such statement conforms to the provisions of chapters 10-19 through 10-23, he shall file such statement in his office, and upon such filing the change of address of the registered office, or the appointment of a new registered agent, or both, as the case may be, shall become effective.

2. Any registered agent of a corporation may resign as such agent upon filing a written notice thereof executed in duplicate with the secretary of state, who shall forthwith mail a copy thereof to the corporation at its registered office. The appointment of such agent shall terminate upon the expiration of thirty days after receipt of such notice by the secretary of state.

SECTION 4. AMENDMENT. Section 10-19-13 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

10-19-13. Issuance of shares of preferred or special classes in series. If the articles of incorporation so provide, the shares of any preferred or special class may be divided into and issued in series. If the shares of any such class are to be issued in series, then each series shall be so designated as to distinguish the shares thereof from the shares of all other series and classes. Any or all of the series of any such class and the variations in the relative rights and preferences as between different series may be fixed and determined by the articles of incorporation, but all shares of the same class shall be identical except as to the following relative rights and preferences, as to which there may be variations between different series:

1. The rate of dividend.
2. The price at and the terms and conditions on which shares may be redeemed.
3. The amount payable upon shares in event of involuntary liquidation.
4. The amount payable upon shares in event of voluntary liquidation.

5. Sinking fund provisions for the redemption of purchase of shares.
6. The terms and conditions on which shares may be converted, if the shares of any series are issued with the privilege of conversion.

If the articles of incorporation shall expressly vest authority in the board of directors, then, to the extent that the articles of incorporation shall not have established series and fixed and determined the variations in the relative rights and preferences as between series, the board of directors shall have authority to divide any or all of such classes into series and, within the limitations set forth in this section and in the articles of incorporation, fix and determine the relative rights and preferences of the shares of any series so established.

In order for the board of directors to establish a series, where authority so to do is contained in the articles of incorporation, the board of directors shall adopt a resolution setting forth the designation of the series and fixing and determining the relative rights and preferences thereof, or so much thereof as shall not be fixed and determined by the articles of incorporation.

Prior to the issue of any shares of a series established by resolution adopted by the board of directors, the corporation shall file in the office of the secretary of state a statement setting forth:

- a. The name of the corporation.
- b. A copy of the resolution establishing and designating the series, and fixing and determining the relative rights and preferences thereof.
- c. The date of adoption of such resolution.
- d. That such resolution was duly adopted by the board of directors.

Such statement shall be executed in duplicate by the corporation by its president or a vice president and by its secretary or an assistant secretary, ~~and verified by one of the officers signing such statement,~~ and shall be delivered to the secretary of state. If the secretary of state finds that such statement conforms to law, and all fees have been paid, he shall endorse on each of such duplicate originals the word "Filed" and the month, day, and year of the filing thereof, file one of such duplicate originals in his office, and return the other duplicate original to the corporation or its representative.

Upon the filing of such statement by the secretary of state, the resolution establishing and designating the series and fixing

and determining the relative rights and preferences thereof shall become effective and shall constitute an amendment of the articles of incorporation.

SECTION 5. AMENDMENT. Section 10-19-61 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

10-19-61. Articles of amendment. The articles of amendment shall be executed in duplicate by the corporation by its president or a vice president and by its secretary or an assistant secretary, ~~and verified by one of the officers signing such articles,~~ and shall set forth:

1. The name of the corporation.
2. The amendment so adopted.
3. The date of the adoption of the amendment by the shareholders.
4. The number of shares outstanding, and the number of shares entitled to vote thereon, and if the shares of any class are entitled to vote thereon as a class, the designation and number of outstanding shares entitled to vote thereon of each such class.
5. The number of shares voted for and against such amendment, respectively, and, if the shares of any class are entitled to vote thereon as a class, the number of shares of each such class voted for and against such amendment, respectively.
6. If such amendment provides for an exchange, reclassification, or cancellation of issued shares, and if the manner in which the same shall be effected is not set forth in the amendment, then a statement of the manner in which the same shall be effected.
7. If such amendment effects a change in the amount of stated capital, then a statement of the manner in which the same is effected and a statement, expressed in dollars, of the amount of stated capital as changed by such amendment.

SECTION 6. AMENDMENT. Section 10-19-64 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

10-19-64. Restated articles of incorporation. A domestic corporation may at any time restate its articles of incorporation, as amended, in the following manner:

1. The board of directors shall adopt a resolution setting forth the proposed restated articles of incorporation and directing that they be submitted to a vote at a meeting of

shareholders, which may be either an annual or a special meeting.

2. Written or printed notice setting forth the proposed restated articles shall be given to each shareholder of record entitled to vote thereon within the time and in the manner provided by law for the giving of notice of meetings of shareholders. If the meeting be an annual meeting, the proposed restated articles may be included in the notice of the annual meeting.
3. At such meeting a vote of the shareholders entitled to vote thereon shall be taken on the proposed restated articles. They shall be adopted upon receiving the affirmative vote of the holders of at least two-thirds of the shares entitled to vote thereon.

Upon their approval the restated articles of incorporation shall be executed in duplicate by the corporation by its president or a vice president and by its secretary or assistant secretary, ~~and verified by one of the officers signing such articles,~~ and shall set forth:

- a. The name of the corporation.
- b. The period of its duration.
- c. The purpose or purposes which the corporation is then authorized to pursue.
- d. The aggregate number of shares which the corporation has authority to issue. If such shares consist of one class only, the par value of each of such shares or a statement that all of such shares are without par value. If such shares are divided into classes, the number of shares of each class and a statement of the par value of the shares of each such class or that such shares are without par value.
- e. If the shares are divided into classes, the designation of each class and a statement of the preferences, limitations, and relative rights in respect of the shares of each class.
- f. If the shares of any preferred or special class are issuable in series, the designation of each series and a statement of the variations in the relative rights and preferences as between series insofar as the same have been fixed, and a statement of any authority vested in the board of directors to establish series and fix and determine the variations in the relative rights and preferences as between series.

- g. Any existing provision limiting or denying to shareholders the preemptive right to acquire additional or treasury shares of the corporation.
- h. Any provisions, not inconsistent with law, which are then set forth in the articles of incorporation, as theretofore amended, for the regulation of the internal affairs of the corporation.
- i. A statement that the restated articles of incorporation correctly set forth without change the corresponding provisions of the articles of incorporation as theretofore amended, and that the restated articles of incorporation supersede the original articles of incorporation and all amendments thereto.

Duplicate originals of the restated articles of incorporation shall be delivered to the secretary of state. If the secretary of state finds that such restated articles of incorporation conform to law, and all fees have been paid he shall endorse on each of such duplicate originals the word "Filed" and the month, day, and year of the filing thereof, file one of such duplicate originals in his office, and issue a restated certificate of incorporation to which he shall affix the other duplicate original.

The restated certificate of incorporation, together with the duplicate original of the restated articles of incorporation affixed thereto by the secretary of state, shall be returned to the corporation or its representative.

Upon the issuance of the restated certificate of incorporation by the secretary of state, the restated articles of incorporation shall become effective and shall supersede the original articles of incorporation and all amendments thereto.

SECTION 7. AMENDMENT. Subsection 1 of section 10-19-66 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

1. Articles of amendment approved by decree or order of such court shall be executed **and verified** in duplicate by such person or persons as the court shall designate or appoint for the purpose, and shall set forth the name of the corporation, the amendments of the articles of incorporation approved by the court, the date of the decree or order approving the articles of amendment, and the title of the proceedings in which the decree or order was entered by a court having jurisdiction of the proceedings for the reorganization of the corporation pursuant to the provisions of an applicable statute of the United States.

SECTION 8. AMENDMENT. Section 10-19-68 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

10-19-68. Cancellation of redeemable shares by redemption or purchase. When redeemable shares of a corporation are redeemed or purchased by the corporation, the redemption or purchase shall effect a cancellation of such shares, and a statement of cancellation shall be filed as provided in this section. Thereupon such shares shall be restored to the status of authorized but unissued shares, unless the articles of incorporation provide that such shares when redeemed or purchased shall not be reissued, in which case the filing of the statement of cancellation shall constitute an amendment to the articles of incorporation and shall reduce the number of shares of the class so canceled which the corporation is authorized to issue by the number of shares so canceled.

The statement of cancellation shall be executed in duplicate by the corporation by its president or a vice president and by its secretary or an assistant secretary, and verified by one of the officers signing such statement, and shall set forth:

1. The name of the corporation.
2. The number of redeemable shares canceled through redemption or purchase, itemized by classes and series.
3. The aggregate number of issued shares, itemized by classes and series, after giving effect to such cancellation.
4. The amount, expressed in dollars, of the stated capital of the corporation after giving effect to such cancellation.
5. If the articles of incorporation provide that the canceled shares shall not be reissued, then the number of shares which the corporation has authority to issue, itemized by classes and series, after giving effect to such cancellation.

Duplicate originals of such statement shall be delivered to the secretary of state. If the secretary of state finds that such statement conforms to law, he shall, when all fees have been paid as in chapters 10-19 through 10-23 prescribe:

- a. Endorse on each of the duplicate originals the word "filed" and the month, day, and year of the filing thereof.
- b. File one of such duplicate originals in his office.
- c. Return the other duplicate original to the corporation or its representative.

Upon the filing of such statement of cancellation, the stated capital of the corporation shall be deemed to be reduced by that part of the stated capital which was, at the time of such cancellation, represented by the shares so canceled.

~~Nothing contained in this~~ This section shall be construed to does not forbid a cancellation of shares or a reduction of stated capital in any other manner permitted by chapters 10-19 through 10-23.

SECTION 9. AMENDMENT. Section 10-19-69 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

10-19-69. Cancellation of other reacquired shares. A corporation may at any time, by resolution of its board of directors, cancel all or any part of the shares of the corporation of any class reacquired by it, other than redeemable shares redeemed or purchased, and in such event a statement of cancellation shall be filed as provided in this section.

The statement of cancellation shall be executed in duplicate by the corporation by its president or a vice president and by its secretary or an assistant secretary, and verified by one of the officers signing such statement, and shall set forth:

1. The name of the corporation.
2. The number of reacquired shares canceled by resolution duly adopted by the board of directors, itemized by classes and series, and the date of its adoption.
3. The aggregate number of issued shares, itemized by classes and series, after giving effect to such cancellation.
4. The amount, expressed in dollars, of the stated capital of the corporation after giving effect to such cancellation.

Duplicate originals of such statements shall be delivered to the secretary of state. If the secretary of state finds that such statement conforms to law, he shall, when all fees have been paid as in chapters 10-19 through 10-23 prescribed:

- a. Endorse on each of such duplicate originals the word "filed" and the month, day, and year of the filing thereof.
- b. File one of such duplicate originals in his office.
- c. Return the other duplicate original to the corporation or its representative.

Upon the filing of such statement of cancellation, the stated capital of the corporation shall be deemed to be reduced by that part of the stated capital which was, at the time of such cancellation, represented by the shares so canceled, and the shares so canceled shall be restored to the status of authorized but unissued shares.

~~Nothing contained in this~~ This section shall be construed to does not forbid a cancellation of shares or a reduction of stated capital in any other manner permitted by chapters 10-19 through 10-23.

SECTION 10. AMENDMENT. Section 10-19-70 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

10-19-70. Reduction of stated capital in certain cases. A reduction of the stated capital of a corporation, where such reduction is not accompanied by any action requiring an amendment of the articles of incorporation and not accompanied by a cancellation of shares, may be made in the following manner:

1. The board of directors shall adopt a resolution setting forth the amount of the proposed reduction and the manner in which the reduction shall be effected, and directing that the question of such reduction be submitted to a vote at a meeting of shareholders, which may be either an annual or a special meeting.
2. Written or printed notice, stating that the purpose or one of the purposes of such meeting is to consider the question of reducing the stated capital of the corporation in the amount and manner proposed by the board of directors, shall be given to each shareholder of record entitled to vote thereon within the time and in the manner provided in chapters 10-19 through 10-23 for the giving of notice of meetings of shareholders.
3. At such meeting a vote of the shareholders entitled to vote thereon shall be taken on the question of approving the proposed reduction of stated capital, which shall require for its adoption the affirmative vote of the holders of at least a majority of the shares entitled to vote thereon.

When a reduction of the stated capital of a corporation has been approved as provided in this section, a statement shall be executed in duplicate by the corporation by its president or a vice president and by its secretary or an assistant secretary, ~~and verified by one of the officers signing such statement,~~ and shall set forth:

- a. The name of the corporation.
- b. A copy of the resolution of the shareholders approving such reduction, and the date of its adoption.
- c. The number of shares outstanding, and the number of shares entitled to vote thereon.
- d. The number of shares voted for and against such reduction, respectively.

- e. A statement of the manner in which such reduction is effected, and a statement, expressed in dollars, of the amount of stated capital of the corporation after giving effect to such reduction.

Duplicate originals of such statement shall be delivered to the secretary of state. If the secretary of state finds that such statement conforms to law, he shall, when all fees have been paid as in chapters 10-19 through 10-23 prescribed:

1. Endorse on each of such duplicate originals the word "filed" and the month, day, and year of the filing thereof.
2. File one of such duplicate originals in his office.
3. Return the other duplicate original to the corporation or its representative.

Upon the filing of such statement, the stated capital of the corporation shall be reduced as therein set forth.

No reduction of stated capital shall be made under the provisions of this section which would reduce the amount of the aggregate stated capital of the corporation to an amount equal to or less than the aggregate preferential amounts payable upon all issued shares having a preferential right in the assets of the corporation in the event of involuntary liquidation, plus the aggregate par value of all issued shares having a par value but no preferential right in the assets of the corporation in the event of involuntary liquidation.

SECTION 11. AMENDMENT. Section 10-20-04 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

10-20-04. Articles of merger or consolidation. Upon such approval, articles of merger or articles of consolidation shall be executed in duplicate by each corporation by its president or a vice president and by its secretary or an assistant secretary, and verified by one of the officers of each corporation signing such articles, and shall set forth:

1. The plan of merger or the plan of consolidation.
2. As to each corporation, the number of shares outstanding, and, if the shares of any class are entitled to vote as a class, the designation and number of outstanding shares of each such class.
3. As to each corporation, the number of shares voted for and against such plan, respectively, and, if the shares of any class are entitled to vote as a class, the number of shares of each such class voted for and against such plan, respectively.

Duplicate originals of the articles of merger or articles of consolidation shall be delivered to the secretary of state. If the secretary of state finds that such articles conform to law, he shall, when all fees have been paid as is provided in chapters 10-19 through 10-23:

- a. Endorse on each duplicate original the word "filed" and the month, day, and year of the filing thereof.
- b. File one of such duplicate originals in his office.
- c. Issue a certificate of merger or a certificate of consolidation to which he shall affix the other duplicate original.

The certificate of merger or certificate of consolidation, together with the duplicate original of the articles of merger or articles of consolidation affixed thereto by the secretary of state, shall be returned to the surviving or new corporation, as the case may be, or its representative.

SECTION 12. AMENDMENT. Section 10-20-05 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

10-20-05. Merger of subsidiary corporation. Any corporation owning at least ninety-five percent of the outstanding shares of each class of another corporation may merge such other corporation into itself without approval by a vote of the shareholders of either corporation.

Its board of directors shall, by resolution, approve a plan of merger setting forth the name of the subsidiary corporation and the name of the corporation owning at least ninety-five percent of its shares, which is hereinafter designated as the surviving corporation, and showing the manner and basis of converting the shares of the subsidiary corporation into shares or other securities or obligations of the surviving corporation or the cash or other consideration to be paid or delivered upon surrender of each share of the subsidiary corporation.

A copy of such plan of merger shall be mailed to each shareholder of record of the subsidiary corporation.

Articles of merger shall be executed in duplicate by the surviving corporation by its president or a vice president and by its secretary or an assistant secretary, and verified by one of its officers signing such articles, and shall set forth:

1. The plan of merger.
2. The number of outstanding shares of each class of the subsidiary corporation and the number of such shares of each class owned by the surviving corporation.

3. The date of the mailing to shareholders of the subsidiary corporation of a copy of the plan of merger.

On and after the thirtieth day after the mailing of a copy of the plan of merger to shareholders of the subsidiary corporation, duplicate originals of the articles of merger shall be delivered to the secretary of state. If the secretary of state finds that such articles conform to law, he shall, when all fees have been paid as is provided in chapters 10-19 through 10-23:

- a. Endorse on each of such duplicate originals the word "filed" and the month, day, and year of the filing thereof.
- b. File one of such duplicate originals in his office.
- c. Issue a certificate of merger to which he shall affix the other duplicate original.

The certificate of merger, together with the duplicate original of the articles of merger affixed thereto by the secretary of state, shall be returned to the surviving corporation or its representative.

SECTION 13. AMENDMENT. Section 10-21-01 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

10-21-01. Voluntary dissolution by incorporators. A corporation which has not commenced business and which has not issued any shares may be voluntarily dissolved by its incorporators at any time within two years after the date of the issuance of its certificate of incorporation in the following manner:

1. Articles of dissolution shall be executed in duplicate by a majority of the incorporators, ~~and verified by them,~~ and shall set forth:
 - a. The name of the corporation.
 - b. The date of issuance of its certificate of incorporation.
 - c. That none of its shares has been issued.
 - d. That the corporation has not commenced business.
 - e. That the amount, if any, actually paid in on subscriptions for its shares, less any part thereof disbursed for necessary expenses, has been returned to those entitled thereto.
 - f. That no debts of the corporation remain unpaid.

- g. That a majority of the incorporators elect that the corporation be dissolved.
2. Duplicate originals of the articles of dissolution shall be delivered to the secretary of state. If the secretary of state finds that the articles of dissolution conform to law, he shall, when all fees have been paid as is provided in chapters 10-19 through 10-23:
 - a. Endorse on each of such duplicate originals the word "filed" and the month, day, and year of the filing thereof.
 - b. File one of such duplicate originals in his office.
 - c. Issue a certificate of dissolution to which he shall affix the other duplicate original.

The certificate of dissolution, together with the duplicate original of the articles of dissolution affixed thereto by the secretary of state, shall be returned to the incorporators or their representative. Upon the issuance of such certificate of dissolution by the secretary of state, the existence of the corporation shall cease.

SECTION 14. AMENDMENT. Section 10-21-02 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

10-21-02. Voluntary dissolution by consent of shareholders. A corporation may be voluntarily dissolved by the written consent of all of its shareholders.

Upon the execution of such written consent, a statement of intent to dissolve shall be executed in duplicate by the corporation by its president or a vice president and by its secretary or an assistant secretary, and verified by one of the officers signing such statement, which statement and shall set forth:

1. The name of the corporation.
2. The names and respective addresses of its officers.
3. The names and respective addresses of its directors.
4. A copy of the written consent signed by all shareholders of the corporation.
5. A statement that such written consent has been signed by all shareholders of the corporation or signed in their names by their attorneys thereunto duly authorized.

SECTION 15. AMENDMENT. Subsection 4 of section 10-21-03 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

4. Upon the adoption of such resolution, a statement of intent to dissolve shall be executed in duplicate by the corporation by its president or a vice president and by its secretary or an assistant secretary, and verified by one of the officers signing such statement, which statement and shall set forth:
 - a. The name of the corporation.
 - b. The names and respective addresses of its officers.
 - c. The names and respective addresses of its directors.
 - d. A copy of the resolution adopted by the shareholders authorizing the dissolution of the corporation.
 - e. The number of shares outstanding, and, if the shares of any class are entitled to vote as a class, the designation and number of outstanding shares of each such class.
 - f. The number of shares voted for and against the resolution, respectively, and, if the shares of any class are entitled to vote as a class, the number of shares of each such class voted for and against the resolution, respectively.

SECTION 16. AMENDMENT. Section 10-21-07 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

10-21-07. Revocation of voluntary dissolution proceedings by consent of shareholders. By the written consent of all of its shareholders, a corporation may, at any time prior to the issuance of a certificate of dissolution by the secretary of state, revoke voluntary dissolution proceedings theretofore taken, in the following manner:

Upon the execution of such written consent, a statement of revocation of voluntary dissolution proceedings shall be executed in duplicate by the corporation by its president or a vice president and by its secretary or an assistant secretary, and verified by one of the officers signing such statement, which statement and shall set forth:

1. The name of the corporation.
2. The names and respective addresses of its officers.
3. The names and respective addresses of its directors.
4. A copy of the written consent signed by all shareholders of the corporation revoking such voluntary dissolution proceedings.

5. That such written consent has been signed by all shareholders of the corporation or signed in their names by their attorneys thereunto duly authorized.

SECTION 17. AMENDMENT. Subsection 4 of section 10-21-08 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

4. Upon the adoption of such resolution, a statement of revocation of voluntary dissolution proceedings shall be executed in duplicate by the corporation by its president or a vice president and by its secretary or an assistant secretary, and verified by one of the officers signing such statement, which statement and shall set forth:
 - a. The name of the corporation.
 - b. The names and respective addresses of its officers.
 - c. The names and respective addresses of its directors.
 - d. A copy of the resolution adopted by the shareholders revoking the voluntary dissolution proceedings.
 - e. The number of shares outstanding.
 - f. The number of shares voted for and against the resolution, respectively.

SECTION 18. AMENDMENT. Section 10-21-11 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

10-21-11. Articles of dissolution. If voluntary dissolution proceedings have not been revoked, then when all debts, liabilities, and obligations of the corporation have been paid and discharged, or adequate provision has been made therefor, and all the remaining property and assets of the corporation have been distributed to its shareholders, articles of dissolution shall be executed in duplicate by the corporation by its president or a vice president and by its secretary or assistant secretary, and verified by one of the officers signing such statement, which statement and shall set forth:

1. The name of the corporation.
2. That the secretary of state has theretofore filed a statement of intent to dissolve the corporation, and the date on which such statement was filed.
3. That all debts, obligations, and liabilities of the corporation have been paid and discharged or that adequate provision has been made therefor.

4. That all the remaining property and assets of the corporation have been distributed among its shareholders in accordance with their respective rights and interests.
5. That there are no suits pending against the corporation in any court, or that adequate provision has been made for the satisfaction of any judgment, order, or decree which may be entered against it in any pending suit.

SECTION 19. AMENDMENT. Section 10-22-05 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

10-22-05. Application for certificate of authority. A foreign corporation, in order to procure a certificate of authority to transact business in this state, shall ~~make application therefor~~ apply to the secretary of state, ~~which.~~ The application shall set forth:

1. The name of the corporation and the state or country under the laws of which it is incorporated.
2. If the name of the corporation does not contain the word "corporation", "company", "incorporated", or "limited", or does not contain an abbreviation of one of such words, then the name of the corporation with the word or abbreviation which it elects to add thereto for use in this state.
3. The date of incorporation and the period of duration of the corporation.
4. The address of the principal office of the corporation in the state or country under the laws of which it is incorporated.
5. The address of the proposed registered office of the corporation in this state, and the name of its proposed registered agent in this state at such address.
6. The purpose or purposes of the corporation which it proposes to pursue in the transaction of business in this state.
7. The names and respective addresses of the directors and officers of the corporation.
8. A statement of the aggregate number of shares which the corporation has authority to issue, itemized by classes, par value of shares, shares without par value, and series, if any, within a class.
9. A statement of the aggregate number of issued shares itemized by classes, par value of shares, shares without par value, and series, if any, within a class.

10. A statement, expressed in dollars, of the amount of stated capital of the corporation, as defined in chapter 10-19.
11. An estimate, expressed in dollars, of the value of all property to be owned by the corporation for the following year, wherever located, and an estimate of the value of the property of the corporation to be located within this state during such year, and an estimate, expressed in dollars, of the gross amount of business which will be transacted by the corporation during such year, and an estimate of the gross amount thereof which will be transacted by the corporation at or from places of business in this state during such year.
12. Such additional information as may be necessary or appropriate in order to enable the secretary of state to determine whether such corporation is entitled to a certificate of authority to transact business in this state and to determine the fees payable as in chapters 10-19 through 10-23 prescribed.

Such application shall be made on forms prescribed and furnished by the secretary of state and shall be executed in duplicate by the corporation by its president or a vice president and by its secretary or an assistant secretary, and verified by one of the officers signing such application.

SECTION 20. AMENDMENT. Section 10-22-09 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

10-22-09. Change of registered office or registered agent of foreign corporation.

1. A foreign corporation authorized to transact business in this state may change its registered office or change its registered agent, or both, upon filing in the office of the secretary of state a statement setting forth:
 - a. The name of the corporation.
 - b. The address of its then registered office.
 - c. If the address of its registered office 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 be changed, the name of its successor registered agent.
 - f. That the address of its registered office and the address of the business office of its registered agent, as changed, will be identical.

- g. That such change was authorized by resolution duly adopted by its board of directors.

Such statement shall be executed by the corporation by its president or a vice president, and verified by him, and delivered to the secretary of state. If a registered agent changes his or its business address to a place within the same county he or it may change such address and the address of the registered office of any corporations of which he or it is the registered agent by filing a statement as required above with one copy thereof for each corporation listed on the certificate except that it need be signed only by the registered agent, need not be responsive to subdivision e or g and must recite that a copy of the statement has been mailed to each such corporation. If the secretary of state finds that such statement conforms to the provisions of this section, he shall file such statement in his office, and upon such filing the change of address of the registered office, or the appointment of a new registered agent, or both, as the case may be, shall become effective.

2. Any registered agent of a foreign corporation may resign as such agent upon filing a written notice thereof executed in duplicate, with the secretary of state, who shall forthwith mail a copy thereof to the foreign corporation at its registered office. The appointment of such agent shall terminate upon the expiration of thirty days after receipt of such notice by the secretary of state.

SECTION 21. AMENDMENT. Section 10-22-14 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

10-22-14. **Withdrawal of foreign corporation.** A foreign corporation authorized to transact business in this state may withdraw from this state upon procuring from the secretary of state a certificate of withdrawal. In order to procure such certificate of withdrawal, such foreign corporation shall deliver to the secretary of state an application for withdrawal, which shall set forth:

1. The name of the corporation and the state or country under the laws of which it is incorporated.
2. That the corporation is not transacting business in this state.
3. That the corporation surrenders its authority to transact business in this state.
4. That the corporation revokes the authority of its registered agent in this state to accept service of process and consents that service of process in any action, suit, or proceeding based upon any cause of action

arising in this state during the time the corporation was authorized to transact business in this state may thereafter be made on such corporation by service thereof on the secretary of state.

5. A post-office address to which the secretary of state may mail a copy of any process against the corporation that may be served on him.
6. A statement of the aggregate number of shares which the corporation has authority to issue, itemized by classes, par value of shares, shares without par value, and series, if any, within a class, as of the date of such application.
7. A statement of the aggregate number of issued shares, itemized by classes, par value of shares, shares without par value, and series, if any, within a class, as of the date of such application.
8. A statement, expressed in dollars, of the amount of stated capital of the corporation, as of the date of such application.
9. Such additional information as may be necessary or appropriate in order to enable the secretary of state to determine and assess any unpaid fees payable by such foreign corporation.

The application for withdrawal shall be made on forms prescribed and furnished by the secretary of state and shall be executed by the corporation by its president or vice president and by its secretary or an assistant secretary, and verified by one of the officers signing the application, or, if the corporation is in the hands of a receiver or trustee, shall be executed on behalf of the corporation by such receiver or trustee and verified by him.

SECTION 22. AMENDMENT. Section 10-23-01 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

10-23-01. Annual report of domestic and foreign corporations. Each domestic corporation, and each foreign corporation authorized to transact business in this state, shall file, within the time prescribed by section 10-23-02, an annual report setting forth:

1. The name of the corporation and the state or country under the laws of which it is incorporated.
2. The address of the registered office of the corporation in this state, and the name of its registered agent in this state at such address, and, in the case of a foreign corporation, the address of its principal office in the state or country under the laws of which it is incorporated.

3. A brief statement of the character of the business in which the corporation is actually engaged in this state.
4. The names and respective addresses of the directors and officers of the corporation.
5. A statement of the aggregate number of shares which the corporation has authority to issue, itemized by classes, par value of shares, shares without par value, and series, if any, within a class.
6. A statement of the aggregate number of issued shares, itemized by classes, par value of shares, shares without par value, and series, if any, within a class.
7. A statement, expressed in dollars, of the amount of stated capital of the corporation, as defined in section 10-19-02.
8. A statement, expressed in dollars, of the value of all the property owned by the corporation, wherever located, and the value of the property of the corporation located within this state, and a statement, expressed in dollars, of the gross amount of business transacted by the corporation for the twelve months ending on the thirty-first day of December preceding the date herein provided for the filing of the annual report and the gross amount thereof transacted by the corporation at or from places of business in this state. If, on the thirty-first day of December preceding the time herein provided for the filing of such report, the corporation had not been in existence for a period of twelve months, or, in the case of a foreign corporation, had not been authorized to transact business in this state for a period of twelve months, the statement with respect to business transacted shall be furnished for the period between the date of incorporation or the date of its authorization to transact business in this state, as the case may be, and such thirty-first day of December.
9. Such additional information as may be necessary or appropriate in order to enable the secretary of state to determine and assess the proper amount of fees payable by such corporation.

Such annual report shall be made on forms prescribed and furnished by the secretary of state, and the information therein contained shall be given as of the date of the execution of the report, except as to the information required by subsections 7, 8, and 9 which shall be given as of the close of business on the thirty-first day of December next preceding the date herein provided for the filing of such report, or, in the alternative, data of the fiscal year ending next preceding this report may be used. It shall be executed by the corporation by its president, a vice president, secretary, an

assistant secretary, or treasurer, and verified by the officer executing the report, or, if the corporation is in the hands of a receiver or trustee, it shall be executed on behalf of the corporation and verified by such receiver or trustee. The secretary of state may destroy all the annual reports provided for in this section after they have been on file for six years.

SECTION 23. AMENDMENT. Section 10-24-09 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

10-24-09. Change of registered office or registered agent. A corporation may change its registered office or change its registered agent, or both, upon filing in the office of the secretary of state a statement setting forth:

1. The name of the corporation.
2. The address of its then registered office.
3. If the address of its registered office be changed, the address to which the registered office is to be changed.
4. The name of its then registered agent.
5. If its registered agent be changed, the name of its successor registered agent.
6. That the address of its registered office and the address of the office of its registered agent, as changed will be identical.
7. That such change was authorized by resolution duly adopted by its board of directors.

Such statement shall be executed by the corporation by its president or a vice president, and verified by him, and delivered to the secretary of state. If the secretary of state finds that such statement conforms to the provisions of chapters 10-24 through 10-28, he shall file such statement in his office, and upon such filing, the change of address of the registered office, or the appointment of a new registered agent, or both, as the case may be, shall become effective.

Any registered agent of a corporation may resign as such agent upon filing a written notice thereof, executed in duplicate, with the secretary of state, who shall forthwith mail a copy thereof to the corporation in care of an officer, who is not the resigning registered agent, at the last known address of such officer. The appointment of such agent shall terminate upon the expiration of thirty days after receipt of such notice by the secretary of state.

SECTION 24. AMENDMENT. Section 10-24-35 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

10-24-35. Articles of amendment. The articles of amendment shall be executed in duplicate by the corporation by its president or a vice president and by its secretary or an assistant secretary, and verified by one of the officers signing such articles, and shall set forth:

1. The name of the corporation.
2. The amendment so adopted.
3. Where there are members having voting rights, either of the following:
 - a. A statement setting forth the date of the meeting of members at which the amendment was adopted, that a quorum was present at such meeting, and that such amendment received at least two-thirds of the votes which members present at such meeting or represented by proxy were entitled to cast.
 - b. A statement that such amendment was adopted by a consent in writing signed by all members entitled to vote with respect thereto.
4. Where there are no members, or no members having voting rights, a statement of such fact, the date of the meeting of the board of directors at which the amendment was adopted, and a statement of the fact that such amendment received the vote of a majority of the directors in office.

SECTION 25. AMENDMENT. Subsection 3 of section 10-24-38 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

3. Upon their approval the restated articles of incorporation shall be executed in duplicate by the corporation by its president or a vice president and by its secretary or assistant secretary, and verified by one of the officers signing such articles, and shall set forth:
 - a. The name of the corporation.
 - b. The period of its duration, which may be perpetual.
 - c. The purpose or purposes which the corporation is then authorized to pursue.
 - d. Any provisions, not inconsistent with law, which are then set forth in the articles of incorporation as theretofore amended, for the regulation of the internal affairs of the corporation.

- e. A statement that the restated articles of incorporation correctly set forth without change the corresponding provisions of the articles of incorporation as theretofore amended, and that the restated articles of incorporation supersede the original articles of incorporation and all amendments thereto.

SECTION 26. AMENDMENT. Section 10-25-04 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

10-25-04. Articles of merger or consolidation. Upon such approval, articles of merger or articles of consolidation shall be executed in duplicate by each corporation by its president or a vice president and by its secretary or an assistant secretary, ~~and verified by one of the officers of each corporation signing such articles;~~ and shall set forth:

1. The plan of merger or the plan of consolidation.
2. Where the members of any merging or consolidating corporation have voting rights, then as to each such corporation (a) a statement setting forth the date of the meeting of members at which the plan was adopted, that a quorum was present at such meeting, and that such plan received at least two-thirds of the votes which members present at such meeting or represented by proxy were entitled to cast, or (b) a statement that such amendment was adopted by a consent in writing signed by all members entitled to vote with respect thereto.
3. Where any merging or consolidating corporation has no members, or no members having voting rights, then as to each such corporation a statement of such fact, the date of the meeting of the board of directors at which the plan was adopted, and a statement of the fact that such plan received the vote of a majority of the directors in office.

Duplicate originals of the articles of merger or articles of consolidation shall be delivered to the secretary of state. If the secretary of state finds that such articles conform to law, he shall, when all fees have been paid as in chapters 10-24 through 10-28 prescribed:

- a. Endorse on each of such duplicate originals the word "filed" and the month, day, and year of the filing thereof.
- b. File one of such duplicate originals in his office.
- c. Issue a certificate of merger or a certificate of consolidation to which he shall affix the other duplicate original.

The certificate of merger or certificate of consolidation, together with the duplicate original of the articles of merger or articles of consolidation affixed thereto by the secretary of state, shall be returned to the surviving or new corporation, as the case may be, or its representative.

SECTION 27. AMENDMENT. Section 10-26-05 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

10-26-05. Articles of dissolution. If voluntary dissolution proceedings have not been revoked, then when all debts, liabilities, and obligations of the corporation shall have been paid and discharged, or adequate provision shall have been made therefor, and all of the remaining property and assets of the corporation shall have been transferred, conveyed, or distributed in accordance with the provisions of this chapter, articles of dissolution shall be executed in duplicate by the corporation by its president or a vice president, and by its secretary or an assistant secretary, ~~and verified by one of the officers signing such statement, which statement and~~ shall set forth:

1. The name of the corporation.
2. Where there are members having voting rights, (a) a statement setting forth the date of the meeting of members at which the resolution to dissolve was adopted, that a quorum was present at such meeting, and that such resolution received at least two-thirds of the votes which members present at such meeting or represented by proxy were entitled to cast, or (b) a statement that such resolution was adopted by a consent in writing signed by all members entitled to vote with respect thereto.
3. Where there are no members, or no members having voting rights, a statement of such fact, the date of the meeting of the board of directors at which the resolution to dissolve was adopted and a statement of the fact that such resolution received the vote of a majority of the directors in office.
4. That all debts, obligations, and liabilities of the corporation have been paid and discharged or that adequate provision has been made therefor.
5. That all the remaining property and assets of the corporation have been transferred, conveyed, or distributed in accordance with the provisions of this chapter.
6. That there are no suits pending against the corporation in any court, or that adequate provision has been made for the satisfaction of any judgment, order, or decree which may be entered against it in any pending suit.

SECTION 28. AMENDMENT. Section 10-27-05 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

10-27-05. Application for certificate of authority. A foreign corporation, in order to procure a certificate of authority to conduct affairs in this state, shall ~~make application therefor~~ apply to the secretary of state, ~~which~~. The application shall set forth:

1. The name of the corporation and the state or country under the laws of which it is incorporated.
2. The date of incorporation and the period of duration of the corporation.
3. The address of the principal office of the corporation in the state or country under the laws of which it is incorporated.
4. The address of the proposed registered office of the corporation in this state, and the name of its proposed registered agent in this state at such address.
5. The purpose or purposes of the corporation which it proposes to pursue in conducting its affairs in this state.
6. The names and respective addresses of the directors and officers of the corporation.
7. Such additional information as may be necessary or appropriate in order to enable the secretary of state to determine whether such corporation is entitled to a certificate of authority to conduct affairs in this state.

Such application shall be made on forms prescribed and furnished by the secretary of state and shall be executed in duplicate by the corporation by its president or a vice president and by its secretary or an assistant secretary, and verified by one of the officers signing such application.

SECTION 29. AMENDMENT. Section 10-27-09 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

10-27-09. Change of registered office or registered agent of foreign corporation. A foreign corporation authorized to conduct affairs in this state may change its registered office or change its registered agent, or both, upon filing in the office of the secretary of state a statement setting forth:

1. The name of the corporation.
2. The address of its then registered office.

3. If the address of its registered office be changed, the address to which the registered office is to be changed.
4. The name of its then registered agent.
5. If its registered agent be changed, the name of its successor registered agent.
6. That the address of its registered office and the address of the office of its registered agent, as changed, will be identical.
7. That such change was authorized by resolution duly adopted by its board of directors.

Such statement shall be executed by the corporation by its president or a vice president, and verified by him, and delivered to the secretary of state. If the secretary of state finds that such statement conforms to the provisions of this chapter, he shall file such statement in his office, and upon such filing the change of address of the registered office, or the appointment of a new registered agent, or both, as the case may be, shall become effective.

Any registered agent in this state appointed by a foreign corporation may resign as such agent upon filing a written notice thereof, executed in duplicate, with the secretary of state who shall forthwith mail a copy thereof to the foreign corporation at its principal office in the state or country under the laws of which it is incorporated. The appointment of such agent shall terminate upon the expiration of thirty days after receipt of such notice by the secretary of state.

SECTION 30. AMENDMENT. Section 10-27-14 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

10-27-14. Withdrawal of foreign corporation. A foreign corporation authorized to conduct affairs in this state may withdraw from this state upon procuring from the secretary of state a certificate of withdrawal. In order to procure such certificate of withdrawal, such foreign corporation shall deliver to the secretary of state an application for withdrawal, which shall set forth:

1. The name of the corporation and the state or country under the laws of which it is incorporated.
2. That the corporation is not conducting affairs in this state.
3. That the corporation surrenders its authority to conduct affairs in this state.
4. That the corporation revokes the authority of its registered agent in this state to accept service of

process and consents that service of process in any action, suit, or proceeding based upon any cause of action arising in this state during the time the corporation was authorized to conduct affairs in this state may thereafter be made on such corporation by service thereof on the secretary of state.

5. A post-office address to which the secretary of state may mail a copy of any process against the corporation that may be served on him.

The application for withdrawal shall be made on forms prescribed and furnished by the secretary of state and shall be executed by the corporation by its president or a vice president and by its secretary or an assistant secretary, and verified by one of the officers signing the application, or if the corporation is in the hands of a receiver or trustee, shall be executed on behalf of the corporation by such receiver or trustee and verified by him.

Approved March 10, 1983

CHAPTER 136

HOUSE BILL NO. 1514
(E. Pomeroy)

GUARANTEE POWER OF BUSINESS CORPORATIONS

AN ACT to amend and reenact subsection 8 of section 10-19-04 of the North Dakota Century Code, relating to the general powers of business corporations.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE
STATE OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Subsection 8 of section 10-19-04 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

8. To make contracts and guarantees and incur liabilities, borrow money at such rates of interest as the corporation may determine, issue its notes, bonds, and other obligations, and secure any of its obligations by mortgage or pledge of all or any of its property, franchises, and income.

Approved March 10, 1983

CHAPTER 137

SENATE BILL NO. 2254
(Senators Holmberg, Redlin, Nething)
(Representatives Kelly, Swiontek, Martinson)

FOREIGN TRADE ZONES

AN ACT to create and enact two new sections to chapter 10-19 and a new subsection to section 10-24-05 of the North Dakota Century Code, relating to establishing foreign trade zones; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE
STATE OF NORTH DAKOTA:

SECTION 1. A new section to chapter 10-19 of the North Dakota Century Code is hereby created and enacted to read as follows:

Definitions. As used in section 2 of this Act, unless the context otherwise requires:

1. "Act of Congress" means the Act of Congress approved June 18, 1934, entitled an Act to provide for the establishment, operation, and maintenance of foreign trade zones in ports of entry of the United States, to expedite and encourage foreign commerce, and for other purposes, as amended, and commonly known as the Foreign Trade Zone Act of 1934.
2. "Private corporation" means a corporation organized under chapter 10-19, one of the purposes of which is to establish, operate, and maintain a foreign trade zone by itself or in conjunction with a public corporation.
3. "Public corporation" means this state; a political subdivision of this state; any municipality therein; any public agency of the state, of any political subdivision in the state, or of any municipality in the state; or any other corporate instrumentality of this state.

SECTION 2. A new section to chapter 10-19 of the North Dakota Century Code is hereby created and enacted to read as follows:

Foreign trade zones - Establishing, operating, maintaining. Any private corporation or public corporation shall have the power to apply to

the proper authorities of the United States for a grant of the privilege of establishing, operating, and maintaining foreign trade zones and foreign trade subzones and to do all things necessary and proper to carry into effect the establishment, operation, and maintenance of such zones, all in accordance with the Act of Congress and other applicable law and rules.

SECTION 3. AMENDMENT. A new subsection to section 10-24-05 of the 1981 Supplement to the North Dakota Century Code is hereby created and enacted to read as follows:

To establish, operate, and maintain a foreign trade zone and foreign trade subzones and to do all things necessary and proper to effect the establishment, operation, and maintenance of such zones, all in accordance with the Act of Congress and other applicable law and rules.

SECTION 4. EMERGENCY. This Act is hereby declared to be an emergency measure and is in effect from and after its passage and approval.

Approved March 7, 1983

CHAPTER 138

HOUSE BILL NO. 1303
(Martinson)

INVOLUNTARY DISSOLUTION OF CORPORATIONS

AN ACT to amend and reenact section 10-21-13 of the North Dakota Century Code, relating to involuntary dissolution of corporations for failure to commence business and issue shares within five years after the date of the issuance of its certificate of incorporation or certificate of organization.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE
STATE OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 10-21-13 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

10-21-13. Involuntary dissolution by attorney general. A corporation may be dissolved involuntarily by a decree of the district court in an action filed by the attorney general when any of the following is established:

1. The corporation procured its articles of incorporation through fraud.
2. The corporation has continued to exceed or abuse the authority conferred upon it by law.
3. The corporation has failed for thirty days to appoint and maintain a registered agent in this state.
4. The corporation has failed for thirty days after change of its registered office or registered agent to file in the office of the secretary of state a statement of such change.
5. The corporation has failed for five years after the date of issuance of its certificate of incorporation or certificate of organization to commence business and issue shares. Corporations which were issued a certificate of incorporation or certificate of organization on or before July 1, 1981, and which have failed to commence business and issue shares before July 1, 1983, are subject to involuntary dissolution in accordance with the provisions of this section.

Approved March 8, 1983

CHAPTER 139

SENATE BILL NO. 2112
(Committee on Industry, Business, and Labor)
(At the request of the Secretary of State)

DISSOLUTION AND REINSTATEMENT OF CORPORATIONS

AN ACT to create and enact section 10-21-13.2 of the North Dakota Century Code, relating to involuntary dissolution of corporations for failure to file annual reports; and to amend and reenact section 10-21-13.1 of the North Dakota Century Code, relating to action of secretary of state regarding corporations not filing annual report on time.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE
STATE OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 10-21-13.1 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

10-21-13.1. Involuntary dissolution Failure to file annual report - Notice by secretary of state. The secretary of state shall notify any corporation failing to file its annual report within three months after the date required under section 10-23-02 that its certificate of incorporation has been may be terminated pursuant to section 10-21-13.2. If, however, such corporation shall file its annual report within three months after its termination date such notice, together with a fee of twenty dollars, its charter certificate of incorporation shall be reinstated by the secretary of state. Such charter certificate of incorporation may be reinstated by the district court of the county where such corporation has its registered office, upon petition filed within one year after the date required by section 10-23-02 and upon condition that it file the annual report required together with a fee of thirty dollars. Upon the expiration of the one-year limitation period, a corporation shall forfeit any right to its name and such name may be assigned by the secretary of state to any corporation applying therefor.

SECTION 2. Section 10-21-13.2 of the North Dakota Century Code is hereby created and enacted to read as follows:

10-21-13.2. Involuntary dissolution for failure to file annual report. A corporation which fails to file its annual report along with those statutory filing and penalty fees which are applicable, within one year after the date required by section 10-23-02, ceases to exist and is considered involuntarily dissolved by operation of law. The secretary of state shall note the termination of the corporation's certificate of incorporation on the records of the secretary of state and shall give notice of such action to the dissolved corporation.

CHAPTER 140

SENATE BILL NO. 2096
(Committee on Industry, Business, and Labor)
(At the request of the Secretary of State)

ARTICLES OF INCORPORATION AMENDMENT BY FOREIGN CORPORATION

AN ACT to amend and reenact section 10-22-11 of the North Dakota Century Code, relating to amendment of articles of incorporation of foreign corporations.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE
STATE OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 10-22-11 of the 1981 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

10-22-11. Amendment to articles of incorporation of foreign corporation. Whenever the articles of incorporation of a foreign corporation authorized to transact business in this state are amended, such foreign corporation shall, within thirty days after such amendment becomes effective, file in the office of the secretary of state a copy of the certificate of amendment or certified statement duly authenticated by the proper officer of the state or country under the laws of which it is incorporated. The filing thereof shall not of itself enlarge or alter the purpose or purposes which such corporation is authorized to pursue in the transaction of business in this state, nor authorize such corporation to transact business in this state under any other name than the name set forth in its certificate of authority.

Approved February 2, 1983

CHAPTER 141

SENATE BILL NO. 2240
(Committee on Industry, Business, and Labor)
(At the request of the Secretary of State)

ANNUAL CORPORATE REPORT FILING REQUIREMENT

AN ACT to amend and reenact section 10-23-02 of the North Dakota Century Code, relating to annual report of domestic and foreign corporations.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE
STATE OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 10-23-02 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

10-23-02. Filing of annual report of domestic and foreign corporations. The annual report for the preceding year of a domestic corporation shall be delivered to the secretary of state on or before the first day of August of each year, except that the first annual report of a domestic corporation shall be filed on or before the first day of August of the year next succeeding the calendar year in which its certificate of incorporation or its certificate of authority, as the case may be, was issued by the secretary of state. The annual report for the preceding year of a foreign corporation shall be delivered to the secretary of state on or before the first day of April of each year, except that the first annual report of a foreign corporation shall be filed on or before the first day of April of the year next succeeding the calendar year in which its certificate of incorporation or its certificate of authority, as the case may be, was issued by the secretary of state. Proof to the satisfaction of the secretary of state that prior to the first day of August or April, as the case may be, such report was deposited in the United States mail in a sealed envelope, properly addressed, with postage prepaid, shall be deemed a compliance with this requirement. If the secretary of state finds that such report conforms to the requirements of section 10-23-01, he shall file the same. If he finds that it does not so conform, he shall promptly return the same to the corporation for any necessary corrections, in which event the penalties hereinafter prescribed for the failure to file such report within the time hereinabove provided shall not apply, if such report is corrected to conform to the requirements of section 10-23-01 and returned to the secretary of state on or before thirty days after such corporation received the annual report for corrections. The secretary of state may extend the filing date for the annual report of any corporation, if a corporation applies for an extension before the filing deadline, whenever in his discretion he considers such an extension of time advisable and proper.

Approved March 10, 1983

CHAPTER 142

HOUSE BILL NO. 1145
(Committee on Industry, Business, and Labor)
(At the request of the Secretary of State)

**BUSINESS CORPORATION ACT
MISCELLANEOUS CHARGES**

AN ACT to amend and reenact section 10-23-05 of the North Dakota Century Code, relating to miscellaneous charges in the Business Corporation Act.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE
STATE OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 10-23-05 of the 1981 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

10-23-05. Miscellaneous charges. The secretary of state shall charge and collect:

1. For furnishing a certified copy of any document, instrument, or paper relating to a corporation, one dollar for every four pages, or fraction thereof, and ~~four~~ five dollars for the certificate and affixing the seal thereto.
2. At the time of any service of process on him as resident agent of a corporation, ~~five~~ ten dollars, which amount may be recovered as taxable costs by the party to the suit or action causing such service to be made if such party prevails in the suit or action.

Approved March 3, 1983

CHAPTER 143

SENATE BILL NO. 2284
(Lips)

STATE DEVELOPMENT CORPORATIONS

AN ACT to amend and reenact sections 10-30-06, 10-30-08, and 10-30-09 of the North Dakota Century Code, relating to state development corporations.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE STATE OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 10-30-06 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

10-30-06. Capitalization. The capital stock of the corporation shall be is six thousand shares of no par value, which shall must be issued for fifty dollars per share in cash. At least twenty-five percent of the capital stock shall be paid into the treasury of the corporation in cash before the corporation may transact any business other than such as relates to its organization, and four thousand shares of no par value, which may be issued for the current book value in cash.

SECTION 2. AMENDMENT. Section 10-30-08 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

10-30-08. Nonstockholder members - Loan limitation.

1. The nonstockholder members of the corporation shall consist of such are those national or state banks, savings banks, savings and loan associations, trust companies, stock or mutual insurance companies, the Bank of North Dakota, credit unions, and other financial institutions as may make application that apply for membership in said the corporation, and membership shall become becomes effective upon the acceptance of such the application by the board of directors. Each such member of the corporation shall lend money to the corporation as and when called upon by it to do so on such the terms and other conditions as shall be are approved from time to time by a majority of the directors.

2. The total amount of loans by any member at any one time shall not exceed the following limit, ~~to be determined as of the time such member becomes a member~~ (on the basis of the balance sheet of ~~such~~ that member at the close of its second preceding fiscal year, as certified by its proper officers); ~~two and one-half percent of the capital and surplus of:~~
- a. For commercial banks and trust companies, and the Bank of North Dakota, two and one-half percent of capital and surplus.
 - b. For savings banks, two and one-half percent of one-half of the total surplus accounts ~~of savings banks.~~
 - c. For savings and loan associations, and credit unions, two and one-half percent of the guaranty funds, surplus, and undivided profits ~~of savings and loan associations and.~~
 - d. For stock insurance companies, two and one-half percent of the capital and surplus ~~of stock insurance companies.~~
 - e. For mutual insurance companies, two and one-half percent of the guaranty funds or of the surplus, whichever is applicable; ~~of mutual insurance companies and comparable.~~
 - f. For limits approved by the board of directors of the corporation for other banking, financing, and insurance companies and related corporations, partnerships, foundations, and other institutions nonstockholder members, comparable limits approved by the board of directors.
3. All loan limits ~~shall~~ must be established at the thousand dollar amount nearest to the amount computed in accordance with the ~~afesaid~~ afesaid percentages subsection 2. All calls of funds which nonstockholder members are committed to lend to the corporation ~~shall~~ must be prorated by the corporation among the nonstockholder members in the same proportion that the individual lines of credit bear to the aggregate lines of credit. Upon sixty days' written notice, a member of the corporation may withdraw from membership in the corporation at the expiration date of ~~such~~ the notice, and after ~~said~~ that expiration date, ~~shall be is~~ free of obligations ~~hereunder~~ except those accrued ~~prior to said~~ before the expiration date.

SECTION 3. AMENDMENT. Section 10-30-09 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

10-30-09. Earned surplus. The Each year, the corporation shall set apart as an earned surplus all of its net earnings in each and every year until such earned surplus shall equal the total of the paid-in capital. Said earned surplus shall be held in cash or invested in United States government bonds, and shall be kept and used to meet losses and contingencies of the corporation. Whenever the amount of the earned surplus becomes impaired, it shall be restored to the required amount in the manner provided for its original accumulation as retained earnings. The corporation shall hold part of the retained earnings as a reserve for bad debts. The corporation may use the rest of the retained earnings in the course of its business. The amount held as a reserve for bad debts must be at least the amount recommended by the firm of certified public accountants that the board of directors approves to audit the corporation's financial statements. The board shall establish procedures for investing funds held as a reserve for bad debts.

Approved March 15, 1983

CHAPTER 144

SENATE BILL NO. 2399
(Senator Lashkowitz)
(Representative Moore)

PROFESSIONAL CORPORATION NONVOTING STOCK

AN ACT to allow professional corporations to contribute corporate stock to a retirement plan trust for licensed and nonlicensed employees; and to amend and reenact sections 10-31-01, 10-31-02, 10-31-07, and 10-31-13 of the North Dakota Century Code, relating to ownership of stock in professional corporations.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE
STATE OF NORTH DAKOTA:

SECTION 1. Retirement plan trust - Voting and nonvoting stock. A professional corporation may establish a retirement plan trust which allows the corporation to contribute nonvoting shares of its common stock for nonlicensed employees and voting shares of its common stock for licensed employees.

SECTION 2. AMENDMENT. Section 10-31-01 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

10-31-01. Definitions. As used in this chapter, ~~the following words shall have the meaning indicated unless the context or subject matter otherwise requires:~~

1. "Professional service" means the personal service to the public which requires a license as a condition precedent to the rendering of such service and which prior to the passage of this chapter could not be performed by a corporation.
2. "Professional corporation" means a corporation which is organized under this chapter for the sole and specific purpose of rendering professional service and which has as its shareholders only individuals who themselves are duly licensed or otherwise legally authorized within this state to render the same professional service as the corporation or nonlicensed employees as provided in section 1 of this Act.

SECTION 3. AMENDMENT. Section 10-31-02 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

10-31-02. Articles of incorporation. One or more individuals may incorporate a professional corporation for the practice of a profession by filing articles of incorporation with the secretary of state. Such articles of incorporation shall meet the requirements of the Business Corporation Act and, in addition thereto, contain the following:

1. The profession to be practiced through the professional corporation.
2. The names and residence addresses of all of the original shareholders, directors, and officers of the professional corporation. At the time such articles of incorporation are filed with the secretary of state, there shall also be filed a certificate by the regulating board of the profession involved that each of the directors and shareholders of voting stock, if any, are duly licensed to practice such profession.

SECTION 4. AMENDMENT. Section 10-31-07 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

10-31-07. Issuance and transfer of shares. A professional corporation may issue the shares of its capital stock only to persons who are duly licensed to render the same specific professional services as those for which the corporation was organized or as provided by section 1 of this Act. A shareholder may voluntarily transfer his shares in a professional corporation only to a person who is duly licensed to render the same specific professional services as those for which the corporation was organized the corporation or a person owning or eligible to own the same type of stock as the person making the transfer. Any shares issued in violation of this section are null and void. The voluntary transfer of any shares transferred in violation of this section is null and void. No shares may be transferred upon the books of the professional corporation or issued by the professional corporation until there is presented to and filed with the corporation a certificate by the regulating board stating that the person to whom the transfer is to be made or the shares issued is duly licensed to render the same specific professional services as those for which the corporation was organized.

* SECTION 5. AMENDMENT. Section 10-31-13 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

10-31-13. Annual reports. Each professional corporation organized under this chapter shall file with the secretary of state an annual report at the time specified for the filing of such reports by the Business Corporation Act giving the name and residence addresses of all officers, directors, and shareholders of such professional corporation as of the thirtieth day of June next

* NOTE: Section 10-31-13 was also amended by section 1 of House Bill No. 1142, chapter 145.

preceding the filing of such report. Attached to this report shall be a form certifying that all of such directors and shareholders of voting stock are duly licensed to render the same specific professional services as those for which the corporation was organized. This certificate shall be made on such form as shall be prescribed and furnished by the secretary of state, shall be signed by the president or vice president and attested by the secretary or assistant secretary of the professional corporation, and sworn to before a notary public by the persons executing the certificate and accompanied by a filing fee of five twenty dollars payable to the secretary of state. No other fees shall be charged therefor. A duplicate original copy of such certificate shall be filed at the same time with the regulatory board which licenses the shareholders described in the certificate and no filing fee shall be charged by the regulatory board for such filing. The regulatory boards issuing the licenses described in section 10-31-01 are hereby authorized and directed to issue the certificates required by section 10-31-02. Such certificates shall be on forms as prescribed and furnished by the secretary of state. The regulatory boards may charge and collect a fee not to exceed five twenty dollars per person so certified to be duly licensed by such regulating board.

Approved March 15, 1983

CHAPTER 145

HOUSE BILL NO. 1142
(Committee on Industry, Business, and Labor)
(At the request of the Secretary of State)

PROFESSIONAL CORPORATION ANNUAL REPORT FEES

AN ACT to amend and reenact section 10-31-13 of the North Dakota Century Code, relating to annual report fees for professional corporations.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE
STATE OF NORTH DAKOTA:

* SECTION 1. AMENDMENT. Section 10-31-13 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

10-31-13. Annual reports. Each professional corporation organized under this chapter shall file with the secretary of state an annual report at the time specified for the filing of such reports by the Business Corporation Act giving the name and residence addresses of all officers, directors, and shareholders of such professional corporation as of the thirtieth day of June next preceding the filing of such report. Attached to this report shall be a form certifying that all of such directors and shareholders are duly licensed to render the same specific professional services as those for which the corporation was organized. This certificate shall be made on such form as shall be prescribed and furnished by the secretary of state, shall be signed by the president or vice president and attested by the secretary or assistant secretary of the professional corporation, and sworn to before a notary public by the persons executing the certificate and accompanied by a filing fee of ~~five~~ twenty dollars payable to the secretary of state. No other fees shall be charged therefor. A duplicate original copy of such certificate shall be filed at the same time with the regulatory board which licenses the shareholders described in the certificate and no filing fee shall be charged by the regulatory board for such filing. The regulatory boards issuing the licenses described in section 10-31-01 are hereby authorized and directed to issue the certificates required by section 10-31-02. Such certificates shall be on forms as prescribed and furnished by the secretary of state. The regulatory boards may charge and collect a fee not to exceed ~~five~~ twenty dollars per person so certified to be duly licensed by such regulating board.

Approved March 8, 1983

* NOTE: Section 10-31-13 was also amended by section 5 of Senate Bill No. 2399, chapter 144.