For An Act To Be Entitled

"AN ACT TO CREATE THE NONPROFIT CORPORATION ACT OF 1993, TO Amend Section 7 of Act No. 176 of 1963, as amended, TO grant Not-For-Profit Corporations the POWER TO ISSUE Annuity Contracts, TO Amend Section 13 of Act No. 254 of 1959, as amended, TO exclude Annuity Contracts FROM THE definition of 'Security', TO define the Identity of Eligible Life Insurance Beneficiaries; AND TO Amend Articles 3, Section 6, of Act 118 of 1929, as amended, TO define Tax Exempt Entities AND THEIR Filing Requirements."

Subtitle

"THE ARKANSAS NONPROFIT CORPORATION ACT OF 1993."

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 101. Short Title.
This Act shall be known and may be cited as the "Arkansas Nonprofit Corporation Act of 1993."

SECTION 102. Reservation of Power to Amend or Repeal.
The General Assembly has power to amend or repeal all or part of this Act at any time and all domestic and foreign corporations subject to this Act are governed by the amendment or repeal.

SECTION 103. Subchapter defined.
(a) Subchapter 1 means Sections 101 through Section 170 of this act.
(b) Subchapter 2 means Sections 201 through Section 207 of this act.
(c) Subchapter 3 means Sections 301 through Section 304 of this act.
(d) Subchapter 4 means Sections 401 through Section 403 of this act.
(e) Subchapter 5 means Sections 501 through Section 504 of this act.

(f) Subchapter 6 means Sections 601 through Section 630 of this act.

(g) Subchapter 7 means Sections 701 through Section 730 of this act.

(h) Subchapter 8 means Sections 801 through Section 858 of this act.

(i) Subchapter 10 means Sections 1001 through Section 1031 of this act.

(j) Subchapter 11 means Sections 1101 through Section 1108 of this act.

(k) Subchapter 12 means Sections 1201 through Section 1202 of this act.

(l) Subchapter 13 means Sections 1301 through Section 1302 of this act.

(m) Subchapter 14 means Sections 1401 through Section 1440 of this act.

(n) Subchapter 15 means Sections 1501 through Section 1532 of this act.

(o) Subchapter 17 means Sections 1701 through Section 1706 of this act.

(p) Subchapter 18 means Sections 1801 through Section 1809 of this act.

SECTION 120. Filing Requirements.

(a) A document must satisfy the requirements of this section, and of any other section that adds to or varies these requirements, to be entitled to filing by the Secretary of State.

(b) This Act must require or permit filing the document in the office of the Secretary of State.

(c) The document must contain the information required by this Act. It may contain other information as well.

(d) The document must be typewritten or printed.

(e) The document must be in the English language. However, a corporate name need not be in English if written in English letters or Arabic or Roman numerals, and the certificate of existence required of foreign corporations need not be in English if accompanied by a reasonably authenticated English translation.

(f) The document must be executed:

(1) by the presiding officer of its board of directors of a domestic or foreign corporation, its president, or by another of its officers;

(2) if directors have not been selected or the corporation has not been formed, by an incorporator; or

(3) if the corporation is in the hands of a receiver, trustee, or other court-appointed fiduciary, by that fiduciary.
(g) The person executing a document shall sign it and state beneath or opposite the signature his or her name and the capacity in which he or she signs. The document may, but need not, contain:

(1) the corporate seal;
(2) an attestation by the secretary or an assistant secretary; or
(3) an acknowledgement, verification, or proof.

(h) If the Secretary of State has prescribed a mandatory form for a document under section 121, the document must be in or on the prescribed form.

(i) The document must be delivered to the office of the Secretary of State for filing and must be accompanied by one exact or conformed copy (except as provided in sections 503 and 1509), the correct filing fee, and any franchise tax, license fee, or penalty required by this Act or other law.

SECTION 121. Forms.

(a) The Secretary of State may prescribe and furnish on request, forms for: (1) an application for a certificate of existence; (2) a foreign corporation's application for a certificate of authority to transact business in this state; and (3) a foreign corporation's application for a certificate of withdrawal report. If the Secretary of State so requires, use of these forms is mandatory.

SECTION 122. Filing, Service, and Copying Fees.

(a) The Secretary of State shall collect the following fees when the documents described in this subsection are delivered for filing:

<table>
<thead>
<tr>
<th>Document</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Articles of incorporation</td>
<td>$50.00</td>
</tr>
<tr>
<td>(2) Application for use of indistinguishable name</td>
<td>no fee</td>
</tr>
<tr>
<td>(3) Application for reserved name</td>
<td>$25.00</td>
</tr>
<tr>
<td>(4) Notice of transfer of reserved name</td>
<td>$25.00</td>
</tr>
<tr>
<td>(5) Application for registered name</td>
<td>$50.00</td>
</tr>
<tr>
<td>(6) Application for renewal of registered name</td>
<td>$25.00</td>
</tr>
<tr>
<td>(7) Corporation's statement of change of registered agent or registered office</td>
<td>$25.00</td>
</tr>
</tbody>
</table>
or both $25.00

(8) Agent's statement of change of registered office for each affected corporation $25.00

not to exceed a total of $125.00

(9) Agent's statement of resignation no fee

(10) Amendment of articles of incorporation $50.00

(11) Restatement of articles of incorporation with amendments $100.00

(12) Articles of merger $100.00

(13) Articles of dissolution $50.00

(14) Articles of revocation of dissolution $150.00

(15) Certificate of administrative dissolution no fee

(16) Application for reinstatement following administrative dissolution $50.00

(17) Certificate of reinstatement no fee

(18) Certificate of judicial dissolution no fee

(19) Application for certificate of authority $300.00

(20) Application for amended certificate of authority $300.00

(21) Application for certificate of withdrawal $300.00

(22) Certificate of revocation of authority to transact business no fee

(23) Articles of correction $30.00

(24) Application for certificate of existence or authorization $15.00

(25) Any other document required or permitted to be filed by this act. $25.00

(b) The Secretary of State shall collect a fee of twenty-five dollars ($25.00) upon being served with process under this Act. The party to a proceeding causing service of process is entitled to recover the fee paid the Secretary of State as costs if the party prevails in the proceeding.

(c) The Secretary of State shall collect the following fees for copying and certifying the copy of any filed document relating to a domestic or foreign corporation:

(1) Fifty cents (50¢) a page for copying; and
(2) Five dollars ($5.00) for the certificate.

SECTION 123. Effective Date of Document.

(a) Except as provided in subsection (b), a document is effective:

(1) at the time of filing on the date it is filed, as evidenced by the Secretary of State's endorsement on the original document; or

(2) at the time specified in the document as its effective time on the date it is filed.

(b) A document may specify a delayed effective time and date, and if it does so the document becomes effective at the time and date specified. If a delayed effective date but no time is specified, the document is effective at the close of business on that date. A delayed effective date for a document may not be later than the 90th day after the date filed.

SECTION 124. Correcting Filed Document.

(a) A domestic or foreign corporation may correct a document filed by the Secretary of State if the document: (1) contains an incorrect statement, or (2) was defectively executed, attested, sealed, verified, or acknowledged.

(b) A document is corrected:

(1) by preparing articles of correction that (i) describe the document (including its filing date) or attach a copy of it to the articles, (ii) specify the incorrect statement and the reason it is incorrect or the manner in which the execution was defective, and (iii) correct the incorrect statement or defective execution; and

(2) by delivering the articles of correction to the Secretary of State.

(c) Articles of correction are effective on the effective date of the document they correct except as to persons relying on the uncorrected document and adversely affected by the correction. As to those persons, articles of correction are effective when filed.

SECTION 125. Filing Duty of Secretary of State.

(a) If a document delivered to the office of the Secretary of State for filing satisfies the requirements of section 120, the Secretary of State shall file it.
(b) The Secretary of State files a document by stamping or otherwise endorsing "Filed," together with the Secretary of State's name and official title and the date and the time of receipt, on both the original and copy of the document and on the receipt for the filing fee. After filing a document, except as provided in sections 503 and 1510, the Secretary of State shall deliver the document copy, with the filing fee receipt (or acknowledgement of receipt if no fee is required) attached, to the domestic or foreign corporation or its representative.

(c) Upon refusing to file a document, the Secretary of State shall return it to the domestic or foreign corporation or its representative within five days after the document was delivered, together with a brief, written explanation of the reason or reasons for the refusal.

(d) The Secretary of State's duty to file documents under this section is ministerial. Filing or refusal to file a document does not:

(1) affect the validity or invalidity of the document in whole or in part;

(2) relate to the correctness or incorrectness of information contained in the document; or

(3) create a presumption that the document is valid or invalid or that information contained in the document is correct or incorrect.

SECTION 126. Appeal From Secretary of State's Refusal to File Document.

(a) If the Secretary of State refuses to file a document delivered for filing to the Secretary of State's office, the domestic or foreign corporation may appeal the refusal to the chancery court in the county where the corporation's principal office, or if there is none in this state, its registered office, is or will be located. The appeal is commenced by petitioning the court to complete filing the document and by attaching to the petition the document and the Secretary of State's explanation of the refusal to file.

(b) The court may summarily order the Secretary of State to file the document or take other action the court considers appropriate.

(c) The court's final decision may be appealed as in other civil proceedings.
SECTION 127. Evidentiary Effect of Copy of Filed Document.

A certificate attached to a copy of a document bearing the Secretary of State's signature (which may be in facsimile) and the seal of this state, is conclusive evidence that the original document is on file with the Secretary of State.


(a) Any person may apply to the Secretary of State to furnish a certificate of existence for a domestic or foreign corporation.

(b) The certificate of existence sets forth:

(1) the domestic corporation's corporate name or the foreign corporation's corporate name used in this state;

(2) that (i) the domestic corporation is duly incorporated under the law of this state, the date of its incorporation, and the period of its duration if less than perpetual; or (ii) that the foreign corporation is authorized to transact business in this state;

(3) that all fees, taxes, and penalties owed to this state have been paid, if (i) payment is reflected in the records of the Secretary of State and (ii) nonpayment affects the good standing of the domestic or foreign corporation;

(4) that articles of dissolution have not been filed; and

(5) other facts of record in the office of the Secretary of State that may be requested by the applicant.

(c) Subject to any qualification stated in the certificate, a certificate of existence issued by the Secretary of State may be relied upon as conclusive evidence that the domestic or foreign corporation is in good standing in this state.

SECTION 129. Penalty For Signing False Document.

(a) A person commits an offense by signing a document such person knows is false in any material respect with intent that the document be delivered to the Secretary of State for filing.

(b) An offense under this section is a Class C misdemeanor.

SECTION 130. Powers.
The Secretary of State has the power reasonably necessary to perform the duties required of him by this chapter.

SECTION 140. Act Definitions.

Unless the context otherwise requires in this Act:

(1) "Approved by (or approval by) the members" means approved or ratified by the affirmative vote of a majority of the votes represented and voting at a duly held meeting at which a quorum is present (which affirmative votes also constitute a majority of the required quorum) or by a written ballot or written consent in conformity with this Act or by the affirmative vote, written ballot or written consent of such greater proportion, including the votes of all the members of any class, unit or grouping as may be provided in the articles, bylaws or this Act for any specified member action.

(2) "Articles of incorporation" or "articles" include amended and restated articles of incorporation and articles of merger.

(3) "Board" or "board of directors" means the board of directors except that no person or group of persons are the board of directors because of powers delegated to that person or group pursuant to section 801.

(4) "Bylaws" means the code or codes of rules (other than the articles) adopted pursuant to this Act for the regulation or management of the affairs of the corporation irrespective of the name or names by which such rules are designated.

(5) "Class" refers to a group of memberships which have the same rights with respect to voting, dissolution, redemption and transfer. For the purpose of this section, rights shall be considered the same if they are determined by a formula applied uniformly.

(6) "Corporation" means public benefit, mutual benefit and religious corporation.

(7) "Delegates" means those person elected or appointed to vote in a representative assembly for the election of a director or directors or on other matters.

(8) "Deliver" includes mail.

(9) "Designated Director" means a director who is authorized by the
articles or bylaws of a corporation to be appointed by any person, corporation, or entity to a position as one or more of the directors of the corporation.

(10) "Directors" means individuals, designated in the articles or bylaws or elected by the incorporators, and their successors and individuals elected or appointed by any other name or title to act as members of the board.

(11) "Distribution" means the payment of a dividend or any part of the income or profit of a corporation to its members, directors or officers.

(12) "Domestic corporation" means a corporation organized under the laws of this state.

(13) "Effective Date of Notice" is defined in section 141.

(14) "Employee" does not include an officer or director who is not otherwise employed by the corporation.

(15) "Entity" includes corporation and foreign corporation; business corporation and foreign business corporation; profit and nonprofit unincorporated association; corporation sole; business trust, estate, partnership, trust, and two or more persons having a joint or common economic interest; and state, United States; and foreign government.

(16) "File," "filed," or "filing" means filed in the office of the Secretary of State.

(17) "Foreign corporation" means a corporation organized under a law other than the law of this state which would be a nonprofit corporation if formed under the laws of this state.

(18) "Governmental subdivision" includes authority, county, district, and municipality.

(19) "Includes" denotes a partial definition.

(20) "Individual" includes the estate of an incompetent individual.

(21) "Means" denotes a complete definition.

(22) "Member" means (without regard to what a person is called in the articles or bylaws) any person or persons who on more than one occasion, pursuant to a provision of a corporation's articles or bylaws, have the right to vote for the election of a director or directors.

A person is not a member by virtue of any of the following:

(i) any rights such person has as a delegate;
(ii) any rights such person has to designate a director or directors;

or

(iii) any rights such person has as a director.

(23) "Membership" refers to the rights and obligations a member or members have pursuant to a corporation's articles, bylaws and this Act.

(24) "Mutual benefit corporation" means a domestic corporation which is formed as a mutual benefit corporation pursuant to subchapter 2, or is required to be a mutual benefit corporation pursuant to section 1706, formed to benefit, represent and serve a group of individuals or entities.

(25) "Notice" is defined in section 141.

(26) "Person" includes any individual or entity.

(27) "Principal Office" means the office (in or out of this state) so designated in the bylaws or, if none, the registered office of a domestic or foreign corporation.

(28) "Proceeding" includes civil suit and criminal, administrative, and investigatory action.

(29) "Public Benefit Corporation" means a domestic corporation which is formed as a public benefit corporation pursuant to subchapter 2, or is required to be a public benefit corporation pursuant to section 1706 to perform good works, to benefit society or improve the human condition.

(30) "Record Date" means the date established under subchapter 7 on which a corporation determines the identity of its members for the purposes of this Act.

(31) "Religious Corporation" means a domestic corporation which is formed as a religious corporation pursuant to subchapter 2, or is required to be a religious corporation pursuant to section 1706 for religious purposes.

(32) "Secretary" means the corporate officer to whom the bylaws or the board of directors has delegated responsibility under section 840(b) for custody of the minutes of the directors' and members' meetings and for authenticating the records of the corporation.

(33) "State," when referring to a part of the United States, includes a state and commonwealth (and their agencies and governmental subdivisions) and a territory, and insular possession (and their
agencies and governmental subdivisions) of the United States.

(34) "United States" includes any district, authority, bureau, commission, department, and any other agency of the United States.

(35) "Vote" includes authorization by written ballot and written consent.

(36) "Voting power" means the total number of votes entitled to be cast for the election of directors at the time the determination of voting power is made, excluding a vote which is contingent upon the happening of a condition or event that has not occurred at the time. Where a class is entitled to vote as a class for directors, the determination of voting power of the class shall be based on the percentage of the number of directors the class is entitled to elect out of the total number of authorized directors.

SECTION 141.Notice.

(a) Notice may be oral or written.

(b) Notice may be communicated in person; by telephone, telegraph, teletype, telecopier, facsimile, or other form of wire or wireless communication; or by mail or private carrier; if these forms of personal notice are impracticable, notice may be communicated by a newspaper of general circulation in the area where published; or by radio, television, or other form of public broadcast communication.

(c) Oral notice is effective when communicated if communicated in a comprehensible manner.

(d) Written notice, if in a comprehensible form, is effective at the earliest of the following:

(1) when received;

(2) five days after its deposit in the United States Mail, as evidenced by the postmark, if mailed correctly addressed and with first class postage affixed;

(3) on the date shown on the return receipt, if sent by registered or certified mail, return receipt requested, and the receipt is signed by or on behalf of the addressee;

(4) thirty days after its deposit in the United States Mail, as evidenced by the postmark, if mailed correctly addressed and with other
than first class, registered or certified postage affixed.

(e) Written notice is correctly addressed to a member of a domestic or foreign corporation if addressed to the member's address shown in the corporation's current list of members.

(f) A written notice or report delivered as part of a newsletter, magazine or other publication regularly sent to members shall constitute a written notice or report if addressed or delivered to the member's address shown in the corporation's current list of members, or in the case of members who are residents of the same household and who have the same address in the corporation's current list of members, if addressed or delivered to one of such members, at the address appearing on the current list of members.

(g) Written notice is correctly addressed to a domestic or foreign corporation (authorized to transact business in this state), other than in its capacity as a member, if addressed to its registered agent or to its secretary at its principal office.

(h) If section 705(b) or any other provision of this Act prescribes notice requirements for particular circumstances, those requirements govern. If articles or bylaws prescribe notice requirements, not inconsistent with this section or other provisions of this Act, those requirements govern.

SECTION 150. Internal Revenue Section 501(c)(3) Organizations and Private Foundations.

(a) Notwithstanding any provision of Arkansas law or in the articles of incorporation to the contrary, the articles of incorporation of each corporation organized under this Act which is an exempt charitable, religious, literary, educational, or scientific organization as described in section 501(c)(3) of the Internal Revenue Code of 1986 shall be deemed to contain the following provisions:

"Upon the dissolution of the corporation, the board of directors shall, after paying or making provision for the payment of all of the liabilities of the corporation, dispose of all of the assets of the corporation exclusively for the purposes of the corporation in such manner, or to such charitable, educational, religious, literary, or scientific purposes as shall at the time qualify as an exempt organization or organizations under section 501(c)(3) of the Internal Revenue Code of 1986, or the corresponding provision of any
future United States Internal Revenue Law, as the board of trustees shall
determine. Any such assets not so disposed of shall be disposed of by the
chancery court of the county in which the principal office of the corporation
is then located, exclusively for such purposes or to such organization or
organizations, as said court shall determine, which are organized and operated
exclusively for such purposes."
(b) Notwithstanding any provision of Arkansas law or in the articles
of incorporation to the contrary, the articles of incorporation of each
corporation which is subject to this Act and which is a private foundation as
defined in section 509(a) of the Internal Revenue Code of 1986 shall be deemed
to contain the following provisions:
(1) Shall distribute such amounts for each taxable year at such time
and in such manner as not to subject the corporation to tax under
section 4942 of the Code.
(2) Shall not engage in any act of self-dealing as defined in section
4941(d) of the Code.
(3) Shall not retain any excess business holdings as defined in
section 4943(c) of the Code.
(4) Shall not make any taxable expenditures as defined in section 4944
of the Code.
(5) Shall not make any taxable expenditures as defined in section
4945(d) of the Code.
(c) The articles of incorporation of any corporation described in
subsection (b) of this section may be amended to expressly exclude the
application of subsection (b) and in the event of such amendment, subsection
(b) shall not apply to that corporation.
All references in this section to sections of the Code shall be to such
sections of the Internal Revenue Code of 1986 as amended from time to time, or
to corresponding provisions of subsequent internal revenue laws of the United
States.

SECTION 160. Judicial Relief.
(a) If for any reason it is impractical or impossible for any
corporation to call or conduct a meeting of its members, delegates, or
directors, or otherwise obtain their consent, in the manner prescribed by its
articles, bylaws, or this Act, then upon petition of a director, officer, delegate, or member, a Chancery Court sitting in the County of the principal office of the corporation may order that such a meeting be called or that a written ballot or other form of obtaining the vote of members, delegates, or directors be authorized, in such a manner as the court finds fair and equitable under the circumstances.

(b) The court shall, in an order issued pursuant to this section, provide for a method of notice reasonably designed to give actual notice to all persons who would be entitled to notice of a meeting held pursuant to the articles, bylaws and this Act, whether or not the method results in actual notice to all such persons or conforms to the notice requirements that would otherwise apply. In a proceeding under this section the court may determine who the members or directors are.

(c) The order issued pursuant to this section may dispense with any requirement relating to the holding of or voting at meetings or obtaining votes, including any requirement as to quorums or as to the number or percentage of votes needed for approval, that would otherwise be imposed by the articles, bylaws, or this Act.

(d) Whenever practical any order issued pursuant to this section shall limit the subject matter of meetings or other forms of consent authorized to items, including amendments to the articles or bylaws, the resolution of which will or may enable the corporation to continue managing its affairs without further resort to this section; provided, however, that an order under this section may also authorize the obtaining of whatever votes and approvals are necessary for the dissolution, merger or sale of assets.

(e) Any meeting or other method of obtaining the vote of members, delegates, or directors conducted pursuant to an order issued under this section, and that complies with all the provisions of such order, is for all purposes a valid meeting or vote, as the case may be, and shall have the same force and effect as if it complied with every requirement imposed by the articles, bylaws and this Act.

SECTION 170. Religious Corporations- Constitutional Protections.

If religious doctrine governing the affairs of a religious corporation is inconsistent with the provisions of this Act on the same subject, the

1 religious doctrine shall control to the extent required by the Constitution of
2 the United States or the constitution of this state or both.

3

4 SECTION 201. Incorporators.
5 One or more persons may act as the incorporator or incorporators of a
6 corporation by delivering articles of incorporation to the Secretary of State
7 for filing.

8

9 SECTION 202. Articles of Incorporation.
10 (a) The articles of incorporation must set forth:
11 (1) a corporate name for the corporation that satisfies the
12 requirements of section 401;
13 (2) one of the following statements:
14 (i) this corporation is a public benefit corporation;
15 (ii) this corporation is a mutual benefit corporation; and
16 (iii) this corporation is a religious corporation.
17 (3) the street address of the corporation's initial registered office
18 and the name of its initial registered agent at that office;
19 (4) the name and address of each incorporator;
20 (5) whether or not the corporation will have members; and
21 (6) provisions not inconsistent with law regarding the distribution of
22 assets on dissolution.
23 (b) The articles of incorporation may set forth:
24 (1) the purpose or purposes for which the corporation is organized,
25 which may be, either alone or in combination with other purposes, the
26 transaction of any lawful activity;
27 (2) the names and addresses of the individuals who are to serve as the
28 initial directors;
29 (3) provisions not inconsistent with law regarding:
30 (i) managing and regulating the affairs of the corporation;
31 (ii) defining, limiting, and regulating the powers of the corporation,
32 its board of directors and members (or any class of members); and
33 (iii) the characteristics, qualifications, rights, limitations and
34 obligations attaching to each or any class of members.
35 (4) any provision that under this Act is required or permitted to be

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set forth in the bylaws.
(c) Each incorporator named in the articles must sign the articles.
(d) The articles of incorporation need not set forth any of the
corporate powers enumerated in this Act.

SECTION 203. Incorporation.
(a) Unless a delayed effective date is specified, the corporate
existence begins when the articles of incorporation are filed.
(b) The Secretary of State's filing of the articles of incorporation
is conclusive proof that the incorporation satisfied all conditions precedent
to incorporation except in a proceeding by the state to cancel or revoke the
incorporation or involuntarily dissolve the corporation.

SECTION 204. Liability for Preincorporation Transactions.
All persons purporting to act as or on behalf of a corporation, knowing
there was no incorporation under this Act, are jointly and severally liable
for all liabilities created while so acting.

SECTION 205. Organization of Corporation.
(a) After incorporation:
(1) if initial directors are named in the articles of incorporation,
the initial directors shall hold an organizational meeting, at the call
of a majority of the directors, to complete the organization of the
corporation by appointing officers, adopting bylaws, and carrying on any
other business brought before the meeting;
(2) if initial directors are not named in the articles, the
incorporator or incorporators shall hold an organizational meeting at
the call of a majority of the incorporators:
(i) to elect directors and complete the organization of the
corporation; or
(ii) to elect a board of directors who shall complete the organization
of the corporation.
(b) Action required or permitted by this Act to be taken by
incorporators at an organizational meeting may be taken without a meeting if
the action taken is evidenced by one or more written consents describing the
action taken and signed by each incorporator.

(c) An organizational meeting may be held in or out of this state in accordance with section 820.

SECTION 206. Bylaws.

(a) The incorporators or board of directors of a corporation shall adopt bylaws for the corporation.

(b) The bylaws may contain any provision for regulating and managing the affairs of the corporation that is not inconsistent with law or the articles of incorporation.

SECTION 207. Emergency Bylaws and Powers.

(a) Unless the articles provide otherwise the directors of a corporation may adopt, amend or repeal bylaws to be effective only in an emergency defined in subsection (d). The emergency bylaws, which are subject to amendment or repeal by the members, may provide special procedures necessary for managing the corporation during the emergency, including:

(1) how to call a meeting of the board;

(2) quorum requirements for the meeting; and

(3) designation of additional or substitute directors.

(b) All provisions of the regular bylaws consistent with the emergency bylaws remain effective during the emergency. The emergency bylaws are not effective after the emergency ends.

(c) Corporate action taken in good faith in accordance with the emergency bylaws:

(1) binds the corporation; and

(2) may not be used to impose liability on a corporate director, officer, employee, or agent.

(d) An emergency exists for purposes of this section if a quorum of the corporation's directors cannot readily be assembled because of some catastrophic event.

SECTION 301. Purposes.

(a) Every corporation incorporated under this Act has the purpose of engaging in any lawful activity unless a more limited purpose is set forth in
the articles of incorporation.

(b) A corporation engaging in an activity that is subject to
regulation under another statute of this state may incorporate under this Act
only if incorporation under this Act is not prohibited by the other statute.
The corporation shall be subject to all limitations of the other statute.

SECTION 302. General Powers.
Unless its articles of incorporation provide otherwise, every
corporation has perpetual duration and succession in its corporate name and
has the same powers as an individual to do all things necessary or convenient
to carry out its affairs including, without limitation, power:

(1) to sue and be sued, complain and defend in its corporate names;
(2) to have a corporate seal, which may be altered at will, and to use
it, or a facsimile of it, by impressing or affixing or in any other
manner reproducing it;
(3) to make and amend bylaws not inconsistent with its articles of
incorporation or with the laws of this state, for regulating and
managing the affairs of the corporation;
(4) to purchase, receive, lease, or otherwise acquire, and own, hold,
 improve, use, and otherwise deal with, real or personal property, or any
legal or equitable interest in property, wherever located;
(5) to sell, convey, mortgage, pledge, lease, exchange, and otherwise
dispose of all or any part of its property;
(6) to purchase, receive, subscribe for, or otherwise acquire, own,
hold, vote, use, sell, mortgage, lend, pledge, or otherwise dispose of,
and deal in and with, shares or other interests in, or obligations of
any entity;
(7) to make contracts and guaranties, incur liabilities, borrow money,
issue notes, bonds, and other obligations, and secure any of its
obligations by mortgage or pledge of any of its property, franchises, or
income;
(8) to lend money, invest and revest its funds, and receive and hold
real and personal property as security for repayment, except as limited
by section 832;
(9) to be a promoter, partner, member, associate or manager of any
partnership, joint venture, trust or other entity;
(10) to conduct its activities, locate offices, and exercise the powers
granted by this Act within or without this state;
(11) to elect or appoint directors, officers, employees, and agents of
the corporation, define their duties, and fix their compensation;
(12) to pay pensions and establish pension plans, pension trusts, and
other benefit and incentive plans for any or all of its current or
former directors, officers, employees, and agents;
(13) to make donations not inconsistent with law for the public welfare
or for charitable, religious, scientific, or educational purposes and
for other purposes that further the corporate interest;
(14) to impose dues, assessments, admission and transfer fees upon its
members;
(15) to establish conditions for admission of members, admit members
and issue memberships;
(16) to carry on a business;
(17) to serve as a trustee of a trust in which it or an entity
affiliated by common program or purpose has a beneficial interest; and
(18) to do all things necessary or convenient, not inconsistent with
law, to further the activities and affairs of the corporation.

(a) In anticipation of or during an emergency defined in subsection
(d), the board of directors of a corporation may:
(1) modify lines of succession to accommodate the incapacity of any
director, officer, employee, or agent; and
(2) relocate the principal office, designate alternative principal
offices or regional offices, or authorize the officer to do so.
(b) During an emergency defined in subsection (d), unless emergency
bylaws provide otherwise:
(1) notice of a meeting of the board of directors need be given only
to those directors it is practicable to reach and may be given in any
practicable manner, including by publication and radio; and
(2) one or more officers of the corporation present at a meeting of
the board of directors may be deemed to be directors for the meeting, in
order of rank and within the same rank in order of seniority, as
necessary to achieve a quorum.
(c) Corporate action taken in good faith during an emergency under
this section to further the ordinary affairs of the corporation:
(1) binds the corporation; and
(2) may not be used to impose liability on a corporate director,
officer, employee, or agent.
(d) An emergency exists for purposes of this section if a quorum of
the corporation's directors cannot readily be assembled because of some
catastrophic event.

SECTION 304. Ultra Vires.
(a) Except as provided in subsection (b), the validity of corporate
action may not be challenged on the ground that the corporation lacks or
lacked power to act.
(b) A corporation's power to act may be challenged in a proceeding
against the corporation to enjoin an act where a third party has not acquired
rights. The proceeding may be brought by the attorney general, a director, or
by a member or members in a derivative proceeding.
(c) A corporation's power to act may be challenged in a proceeding
against an incumbent or former director, officer, employee or agent of the
corporation. The proceeding may be brought by a director, the corporation,
directly, derivatively, or through a receiver, a trustee or other legal
representative, or in the case of a public benefit corporation, by the
attorney general.

SECTION 401. Corporate Name.
(a) A corporate name may not contain language stating or implying that
the corporation is organized for a purpose other than that permitted by
section 301 and its articles of incorporation.
(b) Except as authorized by subsections (c) and (d), a corporate name
must be distinguishable upon the records of the Secretary of State from:
(1) the corporate name of a nonprofit or business corporation
incorporated or authorized to do business in this state;
(2) a corporate name reserved or registered under section 402 or 403
of this Act or Arkansas Code Annotated, Section 4-27-402 or Arkansas Code Annotated, Section 4-26-402; or
(3) the fictitious name of a foreign business or nonprofit corporation authorized to transact business in this state because its real name is unavailable;
(c) A corporation may apply to the Secretary of State for authorization to use a name that is not distinguishable upon the Secretary of State's records from one or more of the names described in subsection (b).
The Secretary of State shall authorize use of the name applied for if;
(1) the other corporation consents to the use in writing and submits an undertaking in form satisfactory to the Secretary of State to change its name to a name that is distinguishable upon the records of the Secretary of State from the name of the applying corporation; or
(2) the applicant delivers to the Secretary of State a certified copy of a final judgment of a court of competent jurisdiction establishing the applicant's right to use the name applied for in this state.
(d) A corporation may use the name (including the fictitious name) of another domestic or foreign business or nonprofit corporation that is used in this state if the other corporation is incorporated or authorized to do business in this state and the proposed user corporation:
(1) has merged with the other corporation;
(2) has been formed by reorganization of the other corporation; or
(3) has acquired all or substantially all of the assets, including the corporate name, of the other corporation.
(e) This Act does not control the use of fictitious names.

SECTION 402. Reserved Name.
(a) A person may reserve the exclusive use of a corporate name, including a fictitious name for a foreign corporation whose corporate name is not available by delivering an application to the Secretary of State for filing. Upon finding that the corporate name applied for is available, the Secretary of State shall reserve the name for the applicant's exclusive use for a nonrenewable 120-day period.
(b) The owner of a reserved corporate name may transfer the reservation to another person by delivering to the Secretary of State a signed
notice of the transfer that states the name and address of the transferee.

SECTION 403. Registered Name.

(a) A foreign corporation may register its corporate name, or its corporate name with any change required by section 1506, if the name is distinguishable upon the records of the Secretary of State from:

(1) the corporate name of a nonprofit or business corporation incorporated or authorized to do business in this state; and

(2) a corporate name reserved under section 402 or Arkansas Code Annotated, Section 4-27-402 or Arkansas Code Annotated, Section 4-26-402 or registered under this section.

(b) A foreign corporation registers its corporate name, or its corporate name with any change required by section 1506, by delivering to the Secretary of State an application:

(1) setting forth its corporate name, or its corporate name with any change required by section 1506, the state or country and date of its incorporation, and a brief description of the nature of the activities in which it is engaged; and

(2) accompanied by a certificate of existence (or a document of similar import) from the state or country of incorporation.

(c) The name is registered for the applicant's exclusive use upon the effective date of the application.

(d) A foreign corporation whose registration is effective may renew it for successive years by delivering to the Secretary of State for filing a renewal application, which complies with the requirements of subsection (b), between October 1 and December 31 of the preceding year. The renewal application renews the registration for the following calendar year.

(e) A foreign corporation whose registration is effective may thereafter qualify as a foreign corporation under that name or consent in writing to the use of that name by a corporation thereafter incorporated under this Act or by another foreign corporation thereafter authorized to transact business in this state. The registration terminates when the domestic corporation is incorporated or the foreign corporation qualifies or consents to the qualification of another foreign corporation under the registered name.
SECTION 501. Registered Office and Registered Agent.
Each corporation must continuously maintain in this state:
(1) a registered office with the same address as that of the
registered agent; and
(2) a registered agent, who may be:
(i) an individual who resides in this state and whose office is
identical with the registered office;
(ii) a domestic business or nonprofit corporation whose office is
identical with the registered office; or
(iii) a foreign business or nonprofit corporation authorized to
transact business in this state whose office is identical with the
registered office.

SECTION 502. Change of Registered Office or Registered Agent.
(a) A corporation may change its registered office or registered agent
by delivering to the Secretary of State for filing a statement of change that
sets forth:
(1) the name of the corporation;
(2) the street address of its current registered office;
(3) if the current registered office is to be changed, the street
address of the new registered office;
(4) the name of its current registered agent;
(5) if the current registered agent is to be changed, the name of the
new registered agent and the new agents' written consent (either on the
statement or attached to it) to the appointment; and
(6) that after the change or changes are made, the street addresses of
its registered office and the office of its registered agent will be
identical.
(b) If the street address of a registered agent's office is changed,
the registered agent may change the street address of the registered office of
any corporation for which the registered agent is the registered agent by
notifying the corporation in writing of the change and by signing (either
manually or in facsimile) and delivering to the Secretary of State for filing
a statement that complies with the requirements of subsection (a) and recites
that the corporation has been notified of the change.
SECTION 503. Resignation of Registered Agent.

(a) A registered agent may resign as registered agent by signing and delivering to the Secretary of State the original and two exact or conformed copies of a statement of resignation. The statement may include a statement that the registered office is also discontinued.

(b) After filing the statement the Secretary of State shall mail one copy to the registered office (if not discontinued) and the other copy to the corporation at its principal office, if known. Service is perfected under this subsection on the earliest of:

1. the date the corporation receives the mail;
2. the date shown on the return receipt, if signed on behalf of the corporation; or
3. five days after its deposit in the U.S. Mail, if mailed and correctly addressed with first class postage affixed.

(c) The agency appointment is terminated, and the registered office discontinued if so provided, on the 31st day after the date on which the statement was filed.

SECTION 504. Service on Corporation.

(a) A corporation's registered agent is the corporation's agent for service of process, notice, or demand required or permitted by law to be served on the corporation.

(b) If a corporation has no registered agent, or the agent cannot with reasonable diligence be served, the corporation may be served by registered or certified mail, return receipt requested, addressed to the secretary of the corporation at its principal office, if known the earliest of:

1. the date the corporation receives the mail;
2. the date shown on the return receipt, if signed on behalf of the corporation; or
3. five days after its deposit in the U.S. Mail, if mailed and correctly addressed with first class postage affixed.

(c) This section does not prescribe the only means, or necessarily the required means, of serving a corporation.
SECTION 601. Admission
(a) The articles or bylaws may establish criteria or procedures for admission of members.
(b) No person shall be admitted as a member without his or her consent.

SECTION 602. Consideration
Except as provided in its articles or bylaws, a corporation may admit members for no consideration or for such consideration as is determined by the board.

SECTION 603. No Requirement Of Members
A corporation is not required to have members.

SECTION 610. Differences In Rights And Obligations Of Members
All members shall have the same rights and obligations with respect to voting, dissolution, redemption and transfer, unless the articles or bylaws establish classes of membership with different rights or obligations. All members shall have the same rights and obligations with respect to any other matters, except as set forth in or authorized by the articles or bylaws.

SECTION 611. Transfers
(a) Except as set forth in or authorized by the articles or bylaws, no member of a mutual benefit corporation may transfer a membership or any right arising therefrom.
(b) No member of a public benefit or religious corporation may transfer a membership of any right arising therefrom.
(c) Where transfer rights have been provided, no restriction on them shall be binding with respect to a member holding a membership issued prior to the adoption of the restriction unless the restriction is approved by the members and the affected member.

SECTION 612. Member's Liability To Third Parties
A member of a corporation is not, as such, personally liable for the acts, debts, liabilities, or obligations of the corporation.
SECTION 613. Member's Liability For Dues, Assessments And Fees

A member may become liable to the corporation for dues, assessments or fees; provided, however, that an article or bylaw provision or a resolution adopted by the board authorizing or imposing dues, assessments or fees does not, of itself, create liability.

SECTION 614. Creditor's Action Against Member

(a) No proceeding may be brought by a creditor to reach the liability, if any, of a member to the corporation unless final judgment has been rendered in favor of the creditor against the corporation and execution has been returned unsatisfied in whole or in part or unless such proceeding would be useless.

(b) All creditors of the corporation, with or without reducing their claims to judgment, may intervene in any creditor's proceeding brought under subdivision (a) to reach and apply unpaid amounts due the corporation. Any or all members who owe amounts to the corporation may be joined in such proceeding.

SECTION 620. Resignation

(a) A member may resign at any time.

(b) The resignation of a member does not relieve the member from any obligations the member may have to the corporation as a result of obligations incurred or commitments made prior to resignation.

SECTION 621. Termination, Expulsion And Suspension

(a) No member of a public benefit or mutual benefit corporation may be expelled or suspended, and no membership or memberships in such corporations may be terminated or suspended except pursuant to a procedure that is fair and reasonable and is carried out in good faith.

(b) A procedure is fair and reasonable when either:

(i) the articles or bylaws set forth a procedure that provides:

(ii) an opportunity for the member to be heard, orally or in writing,
not less than five days before the effective date of the expulsion, suspension or termination by a person or persons authorized to decide that the proposed expulsion, termination or suspension not take place; or

(2) it is fair and reasonable taking into consideration all of the relevant facts and circumstances.

(c) Any written notice given by mail must be given by first-class or certified mail sent to the last address of the member shown on the corporation's records.

(d) Any proceeding challenging an expulsion, suspension or termination, including a proceeding in which defective notice is alleged, must be commenced within one year after the effective date of the expulsion, suspension or termination.

(e) A member who has been expelled or suspended may be liable to the corporation for dues, assessments or fees as a result of obligations incurred or commitments made prior to expulsion or suspension.

SECTION 622. Purchase Of Memberships

(a) A public benefit or religious corporation may not purchase any of its memberships or any right arising therefrom.

(b) A mutual benefit corporation may purchase the membership of a member who resigns or whose membership is terminated for the amount and pursuant to the conditions set forth in or authorized by its articles or bylaws. No payment shall be made in violation of chapter 13.

SECTION 630. Delegates

(a) A corporation may provide in its articles or bylaws for delegates having some or all of the authority of members.

(b) The articles or bylaws may set forth provisions relating to:

(1) the characteristics, qualifications, rights, limitation and obligations of delegates including their selection and removal;

(2) calling, noticing, holding and conducting meetings of delegates; and

(3) carrying on corporate activities during and between meetings of delegates.
SECTION 701. Annual And Regular Meetings
(a) A corporation with members shall hold a membership meeting annually at a time stated in or fixed in accordance with the bylaws.
(b) A corporation with members may hold regular membership meetings at times stated in or fixed in accordance with the bylaws.
(c) Annual and regular membership meetings may be held in or out of this state at the place stated in or fixed in accordance with the bylaws. If no place is stated in or fixed in accordance with the bylaws, annual and regular meetings shall be held at the corporation's principal office.
(d) At the annual meeting:
(1) The president and chief financial officer shall report on the activities and financial condition of the corporation; and
(2) The members shall consider and act upon such other matters as may be raised consistent with the notice requirements of sections 705.
(e) At regular meetings the members shall consider and act upon such matters as may be raised consistent with the notice requirements of sections 705.
(f) The failure to hold an annual or regular meeting at a time stated in or fixed in accordance with a corporation's bylaws does not affect the validity of any corporate action.

SECTION 702. Special Meeting
(a) A corporation with members shall hold a special meeting of members:
(1) on call of its board or the person or persons authorized to do so by the articles or bylaws; or
(2) except as provided in the articles or bylaws of a religious corporation if the holders of at least five percent of the voting power of any corporation sign, date, and deliver to any corporate officer one or more written demands for the meeting describing the purpose or purposes for which it is to be held.
(b) The close of business on the thirtieth day before delivery of the demand or demands for a special meeting to any corporate officer is the record date for the purpose of determining whether the five percent requirement of subsection (a) has been met.
(c) If a notice for a special meeting demanded under subsection (a)(2) is not given pursuant to section 705 within thirty days after the date the written demand or demands are delivered to a corporate officer, regardless of the requirements of subsection (d), a person signing the demand or demands may set the time and place of the meeting and give notice pursuant to section 705.

(d) Special meetings of members may be held in or out of this state at the place stated in or fixed in accordance with the bylaws. If no place is stated or fixed in accordance with the bylaws, special meetings shall be held at the corporation's principal office.

(e) Only those matters that are within the purpose or purposes described in the meeting notice required by section 705 may be conducted at a special meeting of members.

SECTION 703. Court-Ordered Meeting

(a) The Chancery Court of the county in which a corporation's principal office (or, if none in this state, its registered office) is located may summarily order a meeting to be held:

(1) on application of any member or other person entitled to participate in an annual or regular meeting, if an annual meeting was not held within the earlier of 6 months after the end of the corporation's fiscal year or 15 months after its last annual meeting; or

(2) on application of any member or other person entitled to participate in a regular meeting, if a regular meeting is not held within 40 days after the date it was required to be held; or

(3) on application of a member who signed a demand for a special meeting valid under section 702 or a person or persons entitled to call a special meeting, if:

(i) notice of the special meeting was not given within 30 days after the date the demand was delivered to a corporate officer; or

(ii) the special meeting was not held in accordance with the notice.

(b) The court may fix the time and place of the meeting, specify a record date for determining members entitled to notice of and to vote at the meeting, prescribe the form and content of the meeting notice, fix the quorum required for specific matters to be considered at the meeting (or direct that the votes represented at the meeting constitute a quorum for action on those
matters), and enter other orders necessary to accomplish the purpose or purposes of the meeting.

(c) If the court orders a meeting, it may also order the corporation to pay the member's costs (including reasonable counsel fees) incurred to obtain the order.

SECTION 704. Action By Written Consent

(a) Unless limited or prohibited by the articles or bylaws, action required or permitted by this Act to be approved by the members may be approved without a meeting of members if the action is approved by members holding at least eighty percent of the voting power. The action must be evidenced by one or more written consents describing the action taken, signed by those members representing at least eighty percent of the voting power, and delivered to the corporation for inclusion in the minutes or filing with the corporate records.

(b) If not otherwise determined under section 703 or 707, the record date for determining members entitled to take action without a meeting is the date the first member signs the consent under subsection (a).

(c) A consent signed under this section has the effect of a meeting vote and may be described as such in any document filed with the Secretary of State.

(d) Written notice of member approval pursuant to this section shall be given to all members who have not signed the written consent. If written notice is required, member approval pursuant to this section shall be effective ten days after such written notice is given.

SECTION 705. Notice Of Meeting

(a) A corporation shall give notice consistent with its bylaws of meetings of members in a fair and reasonable manner.

(b) Any notice that conforms to the requirements of subsection (c) is fair and reasonable, but other means of giving notice may also be fair and reasonable when all the circumstances are considered; provided, however, that notice of matters referred to in subsection (c)(2) must be given as provided in subsection (c).

(c) Notice is fair and reasonable if:
(1) the corporation notifies its members of the place, date, and time of each annual, regular and special meeting of members no fewer than 10 (or if notice is mailed by other than first class or registered mail, 30) nor more than 60 days before the meeting date;

(2) notice of an annual or regular meeting includes a description of any matter or matters that must be approved by the members under sections 831, 856, 1003, 1021, 1104, 1202, 1401, or 1402; and

(3) notice of a special meeting includes a description of the matter or matters for which the meeting is called.

(d) Unless the bylaws require otherwise, if an annual, regular or special meeting of members is adjourned to a different date, time or place, notice need not be given of the new date, time or place, if the new date, time or place is announced at the meeting before adjournment. If a new record date for the adjourned meeting is or must be fixed under section 707, however, notice of the adjourned meeting must be given under this section to the members of record as of the new record date.

(e) When giving notice of an annual, regular or special meeting of members, a corporation shall give notice of a matter a member intends to raise at the meeting if: (1) requested in writing to do so by a person entitled to call a special meeting; and (2) the request is received by the secretary or president of the corporation at least ten days before the corporation gives notice of the meeting.

SECTION 706. Waiver Of Notice

(a) A member may waive any notice required by this Act, the articles, or bylaws before or after the date and time stated in the notice. The waiver must be in writing, be signed by the member entitled to the notice, and be delivered to the corporation for inclusion in the minutes or filing with the corporate records.

(b) A member's attendance at a meeting:

(1) waives objection to lack of notice or defective notice of the meeting, unless the member at the beginning of the meeting objects to holding the meeting or transacting business at the meeting;

(2) waives objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the
meeting notice, unless the member objects to considering the matter when it is presented.

SECTION 707. Record Date - Determining Members Entitled To Notice And Vote

(a) The bylaws of a corporation may fix or provide the manner of fixing a date as the record date for determining the members entitled to notice of a members' meeting. If the bylaws do not fix or provide for fixing such a record date, the board may fix a future date as such a record date. If no such record date is fixed, members at the close of business on the business day preceding the day on which notice is given, or if notice is waived, at the close of business on the business day preceding the day on which the meeting is held, are entitled to notice of the meeting.

(b) The bylaws of a corporation may fix or provide the manner of fixing a date as the record date for determining the members entitled to vote at a members' meeting. If the bylaws do not fix or provide for fixing such a record date, the board may fix a future date as such a record date. If no such record date is fixed, members on the date of the meeting who are otherwise eligible to vote are entitled to vote at the meeting.

(c) The bylaws may fix or provide the manner for determining a date as the record date for the purpose of determining the members entitled to exercise any rights in respect of any other lawful action. If the bylaws do not fix or provide for fixing such a record date, the board may fix in advance such a record date. If no such record date is fixed, members at the close of business on the day on which the board adopts the resolution relating thereto, or the 60th day prior to the date of such other action, whichever is later, are entitled to exercise such rights.

(d) A record date fixed under this section may not be more than 70 days before the meeting or action requiring a determination of members occurs.

(e) A determination of members entitled to notice of or to vote at a membership meeting is effective for any adjournment of the meeting unless the board fixes a new date for determining the right to notice or the right to vote, which it must do if the meeting is adjourned to a date more than 70 days after the record date for determining members entitled to notice of the original meeting.
(f) If a court orders a meeting adjourned to a date more than 120 days after the date fixed for the original meeting, it may provide that the original record date for notice or voting continues in effect or it may fix a new record date for notice or voting.

SECTION 708. Action By Written Ballot

(a) Unless prohibited or limited by the articles or bylaws, any action that may be taken at any annual, regular or special meeting of members may be taken without a meeting if the corporation delivers a written ballot to every member entitled to vote on the matter.

(b) A written ballot shall:

(1) set forth each proposed action; and

(2) provide an opportunity to vote for or against each proposed action.

(c) Approval by written ballot pursuant to this section shall be valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

(d) All solicitations for votes by written ballot shall:

(1) indicate the number of responses needed to meet the quorum requirements;

(2) state the percentage of approvals necessary to approve each matter other than election of directors; and

(3) specify the time by which a ballot must be received by the corporation in order to be counted.

(e) Except as otherwise provided in the articles or bylaws, a written ballot may not be revoked.

SECTION 720. Members' List For Meeting

(a) After fixing a record date for a notice of a meeting, a corporation shall prepare an alphabetical list of the names of all its members who are entitled to notice of the meeting. The list must show the address and number of votes each member is entitled to vote at the meeting. The
corporation shall prepare on a current basis through the time of the
membership meeting a list of members, if any, who are entitled to vote at the
meeting, but not entitled to notice of the meeting. This list shall be
prepared on the same basis and be part of the list of members.

(b) The list of members must be available for inspection by any member
for the purpose of communication with other members concerning the meeting,
beginning two business days after notice is given of the meeting for which the
list was prepared and continuing through the meeting, at the corporation's
principal office or at a reasonable place identified in the meeting notice in
the city where the meeting will be held. A member, a member's agent, or
attorney is entitled on written demand to inspect and, subject to the
limitations of subsection (d), to copy the list, at a reasonable time and at
the member's expense, during the period it is available for inspection.

(c) The corporation shall make the list of members available at the
meeting, and any member, a member's agent, or attorney is entitled to inspect
the list at any time during the meeting or any adjournment.

(d) Without consent of the board, a membership list or any part
thereof may not be obtained or used by any person for any purpose unrelated to
a member's interest as a member. Without limiting the generality of the
foregoing, or without the consent of the board a membership list or any part
thereof may not be:

(1) used to solicit money or property unless such money or property
will be used solely to solicit the votes of the members in an election
to be held by the corporation;

(2) used for any commercial purpose; or

(3) sold to or purchased by any person.

(e) The articles or bylaws of a religious corporation may limit or
abolish the rights of a member under this section to inspect and copy any
corporate record.

SECTION 721. Voting Entitlement Generally

(a) Unless the articles or bylaws provide otherwise, each member is
entitled to one vote on each matter voted on by the members. When more than
one (1) membership is held by a single entity, the member shall be entitled to
one (1) vote for each such membership.
(b) Unless the articles or bylaws provide otherwise, if a membership stands of record in the names of two or more persons, their acts with respect to voting shall have the following effect:

(1) If only one votes, such act binds all; and

(2) If more than one votes, the vote shall be divided on a prorata basis.

SECTION 722. Quorum Requirements

(a) Unless this Act, the articles, or bylaws provide for a higher or lower quorum, ten percent of the votes entitled to be cast on a matter must be represented at a meeting of members to constitute a quorum on that matter.

(b) A bylaw amendment to decrease the quorum for any member action may be approved by the members or, unless prohibited by the bylaws, by the board.

(c) A bylaw amendment to increase the quorum required for any member action must be approved by the members.

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

SECTION 723. Voting Requirements

(a) Unless this Act, the articles, or the bylaws require a greater vote or voting by class, if a quorum is present, the affirmative vote of the votes represented and voting (which affirmative votes also constitute a majority of the required quorum) is the act of the members.

(b) A bylaw amendment to increase or decrease the vote required for any member action must be approved by the members.

SECTION 724. Proxies

(a) Unless the articles or bylaws prohibit or limit proxy voting, a member may appoint a proxy to vote or otherwise act for the member by signing an appointment form either personally or by an attorney-in-fact.

(b) An appointment of a proxy is effective when received by the secretary or other officer or agent authorized to tabulate votes. An appointment is valid for 11 months unless a different period is expressly provided in the appointment form; provided however that no proxy shall be
valid for more than three years from its date of execution.

(c) An appointment of a proxy is revocable by the member.

(d) The death or incapacity of the member appointing a proxy does not affect the right of the corporation to accept the proxy's authority unless notice of the death or incapacity is received by the secretary or other officer or agent authorized to tabulate votes before the proxy exercises authority under the appointment.

(e) Appointment of a proxy is revoked by the person appointing the proxy:

(1) attending any meeting and voting in person; or

(2) signing and delivering to the secretary or other officer or agent authorized to tabulate proxy votes either a writing stating that the appointment of the proxy is revoked or a subsequent appointment form.

(f) Subject to section 727 and any express limitation on the proxy's authority appearing on the face of the appointment form, a corporation is entitled to accept the proxy's vote or other action as that of the member making the appointment.

SECTION 725. Cumulative Voting For Directors

(a) If the articles or bylaws provide for cumulative voting by members, members may so vote, by multiplying the number of votes the members are entitled to cast by the number of directors for whom they are entitled to vote, and cast the product for a single candidate or distribute the product among two or more candidates.

(b) Cumulative voting is not authorized at a particular meeting unless:

(1) the meeting notice or statement accompanying the notice states that cumulative voting will take place; or

(2) a member gives notice during the meeting and before the vote is taken of the member's intent to cumulate votes, and if one member gives this notice all other members participating in the election are entitled to cumulate their votes without giving further notice.

(c) A director elected by cumulative voting may be removed by the members without cause if the requirements of section 808 are met unless the votes cast against removal, or not consenting in writing in such removal,
would be sufficient to elect such director if voted cumulatively at an election at which the same total number of votes were cast (or, if such action is taken by written ballot, all memberships entitled to vote were voted) and the entire number of directors authorized at the time of the director's most recent election were then being elected.

(d) Members may not cumulatively vote if the directors and members are identical.

SECTION 726. Other Methods Of Electing Directors

A corporation may provide in its articles or bylaws for election of directors by members or delegates: (1) on the basis of chapter or other organizational unit; (2) by region or other geographic unit; (3) by preferential voting; or (4) by any other reasonable method.

SECTION 727. Corporation's Acceptance Of Votes

(a) If the name signed on a vote, consent, waiver, or proxy appointment corresponds to the name of a member, the corporation if acting in good faith is entitled to accept the vote, consent, waiver, or proxy appointment and give it effect as the act of the member.

(b) If the name signed on a vote, consent, waiver, or proxy appointment does not correspond to the record name of a member, the corporation if acting in good faith is nevertheless entitled to accept the vote, consent, waiver, or proxy appointment and give it effect as the act of the member if:

(1) the member is an entity and the name signed purports to be that of an officer or agent of the entity;
(2) the name signed purports to be that of an attorney-in-fact of the member and if the corporation requests, evidence acceptable to the corporation of the signatory's authority to sign for the member has been presented with respect to the vote, consent, waiver, or proxy appointment;
(3) two or more persons hold the membership as co-tenants or fiduciaries and the name signed purports to be the name of at least one of the co-holders and the person signing appears to be acting on behalf of all the co-holders; and
(4) in the case of a mutual benefit corporation:
   (i) the name signed purports to be that of an administrator, executor, guardian, or conservator representing the member and, if the corporation requests, evidence of fiduciary status acceptable to the corporation has been presented with respect to the vote, consent, waiver, or proxy appointment;
   (ii) the name signed purports to be that of a receiver or trustee in bankruptcy of the member, and, if the corporation requests, evidence of this status acceptable to the corporation has been presented with respect to the vote, consent, waiver, or proxy appointment.
   (c) The corporation is entitled to reject a vote, consent, waiver, or proxy appointment if the secretary or other officer or agent authorized to tabulate votes, acting in good faith, has reasonable basis for doubt about the validity of the signature on it or about the signatory's authority to sign for the member.
   (d) The corporation and its officer or agent who accepts or rejects a vote, consent, waiver, or proxy appointment in good faith and in accordance with the standards of this section are not liable in damages to the member for the consequences of the acceptance or rejection.
   (e) Corporate action based on the acceptance or rejection of a vote, consent, waiver, or proxy appointment under this section is valid unless a court of competent jurisdiction determines otherwise.

SECTION 730. Voting Agreements
(a) Two or more members may provide for the manner in which they will vote by signing an agreement for that purpose. Such agreements may be valid for a period of up to ten years. For public benefit corporations such agreements must have a reasonable purpose not inconsistent with the corporation's public or charitable purposes.
(b) A voting agreement created under this section is specifically enforceable.

SECTION 801. Requirement For and Duties of Board.
(a) Each corporation must have a board of directors.
(b) Except as provided in this Act or subsection (c), all corporate powers shall be exercised by or under the authority of, and the affairs of the corporation managed under the direction of, its board.

(c) The articles may authorize a person or persons to exercise some or all of the powers which would otherwise be exercised by a board. To the extent so authorized any such person or persons shall have the duties and responsibilities of the directors, and the directors shall be relieved to that extent from such duties and responsibilities.

SECTION 802. Qualification of Directors.
All directors must be individuals. The articles or bylaws may prescribe other qualifications for directors.

SECTION 803. Number of Directors.
(a) A board of directors must consist of three or more individuals, with the number specified in or fixed in accordance with the articles or bylaws.
(b) The number of directors may be increased or decreased (but to no fewer than three) from time to time by amendment to or in the manner prescribed in the articles or bylaws.

SECTION 804. Election, Designation and Appointment of Directors.
(a) If the corporation has members, all the directors (except the initial directors) shall be elected at the first annual meeting of members, and at each annual meeting thereafter, unless the articles or bylaws provide some other time or method of election, or provide that some of the directors are appointed by some other person or are designated. Designation occurs when the articles or bylaws name an individual as a director or designate the holder of some office or position as a director.
(b) If the corporation does not have members, all the directors (except the initial directors) shall be elected, appointed or designated as provided in the articles or bylaws. If no method of designation or appointment is set forth in the articles or bylaws, the directors (other than the initial directors) shall be elected by the board.
SECTION 805. Terms of Directors Generally.

(a) The articles or bylaws must specify the term of directors. Except for designated or appointed directors, the terms of directors may not exceed the lesser of six years or the stated duration of the corporation. In the absence of any term specified in the articles or bylaws, the term of each director shall be one year. Directors may be elected for successive terms, unless otherwise provided in the articles or bylaws.

(b) A decrease in the number of directors or term of office does not shorten an incumbent director's term.

(c) Except as provided in the articles or bylaws:

(1) the term of a director filling a vacancy in the office of a director elected by members expires at the next election of directors by members; and

(2) the term of a director filling any other vacancy expires at the end of the unexpired term that such director is filling.

(d) Despite the expiration of a director's term, the director continues to serve until the director's successor is elected, designated or appointed and qualifies, or until there is a decrease in the number of directors.

SECTION 806. Staggered Terms for Directors.

The articles or bylaws may provide for staggering the terms of directors by dividing the total number of directors into groups. The terms of office of the several groups need not be uniform.

SECTION 807. Resignation of Directors.

(a) A director may resign at any time by delivering written notice to the board of directors, its presiding officer or to the president or secretary.

(b) A resignation is effective when the notice is effective unless the notice specifies a later effective date. If a resignation is made effective at a later date, the board may fill the pending vacancy before the effective date if the board provides that the successor does not take office until the effective date.
SECTION 808. Removal of Directors Elected by Members or Directors.

(a) The members may remove one or more directors elected by them without cause.

(b) If a director is elected by a class, chapter or other organizational unit or by region or other geographic grouping, the director may be removed only by the members of that class, chapter, unit or grouping.

(c) Except as provided in subsection (i), a director may be removed under subsection (a) or (b) only if the number of votes cast to remove the director would be sufficient to elect the director at a meeting to elect directors.

(d) If cumulative voting is authorized, a director may not be removed if the number of votes, or if the director was elected by a class, chapter, unit or grouping of members, the number of votes of that class, chapter, unit or grouping, sufficient to elect the director under cumulative voting is voted against the director's removal.

(e) A director elected by members may be removed by the members only at a meeting called for the purpose of removing the director and the meeting notice must state that the purpose, or one of the purposes, of the meeting is removal of the director.

(f) In computing whether a director is protected from removal under subsection (b) - (d), it should be assumed that the votes against removal are cast in an election for the number of directors of the class to which the director to be removed belonged on the date of that director's election.

(g) An entire board of directors may be removed under subsections (a) - (e).

(h) A director elected by the board may be removed without cause by the vote of a majority of the directors present at a meeting which is called for the purpose of removing the director and for which the meeting notice stated that the purpose, or one of the purposes, of the meeting is removal of the director, or by the vote of such greater number as is set forth in the articles or bylaws; provided, however, that a director elected by the board to fill the vacancy of a director elected by the members may be removed without cause by the members, but not the board.

(i) If, at the beginning of a director's term on the board, the articles or bylaws provide that the director may be removed for missing a
specified number of board meetings, the board may remove the director for failing to attend the specified number of meetings. The director may be removed only if a majority of the directors present at a meeting which is called for the purpose of removing the director and for which the meeting notice stated that the purpose, or one of the purposes, of the meeting is removal of the director, vote for the removal.

(j) The articles or bylaws of a religious corporation may:
(1) limit the application of this section; and
(2) set forth the vote and procedures by which the board or any person may remove with or without cause a director elected by the members or the board.

SECTION 809. Removal of Designated or Appointed Directors.

(a) A designated director may be removed by an amendment to the articles or bylaws deleting or changing the designation.

(b) Appointed Directors:
(1) Except as otherwise provided in the articles or bylaws, an appointed director may be removed without cause by the person appointing the director;
(2) The person removing the director shall do so by giving written notice of the removal to the director and either the presiding officer of the board or the corporation's president or secretary; and
(3) A removal is effective when the notice is effective unless the notice specifies a future effective date.


(a) The Chancery Court of the county where a corporation's principal office is located may remove any director of the corporation from office in a proceeding commenced either by the corporation or its members holding at least 10 percent of the voting power of any class, if the Court finds that (1) the director engaged in fraudulent or dishonest conduct, or gross abuse of authority or discretion, with respect to the corporation, or a final judgment has been entered finding that the director has violated a duty set forth in sections 830-833, and (2) removal is in the best interest of the corporation.

(b) The Court that removes a director may bar the director from
serving on the board for a period prescribed by the court.

c) The articles or bylaws of a religious corporation may limit or prohibit the application of this section.

SECTION 811. Vacancy on Board.

(a) Unless the articles or bylaws provide otherwise, and except as provided in subsections (b) and (c), if a vacancy occurs on a board of directors, including a vacancy resulting from an increase in the number of directors:

(1) the members, if any, may fill the vacancy; if the vacant office was held by a director elected by a class, chapter or other organizational unit or by region or other geographic grouping, only members of the class, chapter, unit or grouping are entitled to vote to fill the vacancy if it is filled by the members;

(2) the board of directors may fill the vacancy; or

(3) if the directors remaining in office constitute fewer than a quorum of the board, they may fill the vacancy by the affirmative vote of a majority of all the directors remaining in office.

(b) Unless the articles or bylaws provide otherwise, if a vacant office was held by an appointed director, only the person who appointed the director may fill the vacancy.

(c) If a vacant office was held by a designated director, the vacancy shall be filled as provided in the articles or bylaws. In the absence of an applicable article or bylaw provision, the vacancy may not be filled by the board.

(d) A vacancy that will occur at a specific later date (by reason of a resignation effective at a later date under section 807(b) or otherwise) may be filled before the vacancy occurs but the new director may not take office until the vacancy occurs.

SECTION 812. Compensation of Directors.

Unless the articles or bylaws provide otherwise, a board of directors may fix the compensation of directors.

SECTION 820. Regular and Special Meetings.
(a) If the time and place of a directors' meeting is fixed by the bylaws or the board, the meeting is a regular meeting. All other meetings are special meetings.

(b) A board of directors may hold regular or special meetings in or out of this state.

(c) Unless the articles or bylaws provide otherwise, a board may permit any or all directors to participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all directors participating may simultaneously hear each other during the meeting. A director participating in a meeting by this means is deemed to be present in person at the meeting.

SECTION 821. Action Without Meeting.

(a) Unless the articles or bylaws provide otherwise, action required or permitted by this Act to be taken at a board of directors' meeting may be taken without a meeting if the action is taken by all members of the board. The action must be evidenced by one or more written consents describing the action taken, signed by each director, and included in the minutes filed with the corporate records reflecting the action taken.

(b) Action taken under this section is effective when the last director signs the consent, unless the consent specifies a different effective date.

(c) A consent delivered by facsimile transmittal shall constitute a valid signed consent under this section.

(d) A consent signed under this section has the effect of a meeting vote and may be described as such in any document.

SECTION 822. Call and Notice of Meetings.

(a) Unless the articles, bylaws or subsection (c) provide otherwise, regular meetings of the board may be held without notice.

(b) Unless the articles, bylaws or subsection (c) provide otherwise, special meetings of the board must be preceded by at least two days' notice to each director of the date, time, and place, but not the purpose, of the meeting.

(c) In corporations without members any board action to remove a
director or to approve a matter that would require approval by the members if the corporation had members, shall not be valid unless each director is given at least seven days' written notice that the matter will be voted upon at a directors' meeting or unless notice is waived pursuant to section 823.

(d) Unless the articles or bylaws provide otherwise, the presiding officer of the board, the president or twenty percent of the directors then in office may call and give notice of a meeting of the board.

SECTION 823. Waiver of Notice.

(a) A director may at any time waive any notice required by this Act, the articles or bylaws. Except as provided in subsection (b), the waiver must be in writing, signed by the director entitled to the notice, and filed with the minutes of the corporate records. A signed waiver delivered by facsimile transmittal shall constitute a valid waiver of notice under this section.

(b) A director's attendance at or participation in a meeting waives any required notice of the meeting unless the director upon arriving at the meeting or prior to the vote on a matter not noticed in conformity with this Act, the articles or bylaws objects to lack of notice and does not thereafter vote for or assent to the objected to action.

SECTION 824. Quorum and Voting.

(a) Except as otherwise provided in this Act, the articles or bylaws, a quorum of a board of directors consists of a majority of the directors in office immediately before a meeting begins.

(b) If a quorum is present when a vote is taken, the affirmative vote of a majority of directors present is the act of the board unless this Act, the articles or bylaws require the vote of a greater number of directors.

SECTION 825. Committees of the Board.

(a) Unless prohibited or limited by the articles or bylaws, a board of directors may create one or more committees of the board and appoint members of the board to serve on them. Each committee shall have two or more directors, who serve at the pleasure of the board.

(b) The creation of a committee and appointment of members to it must be approved by the greater of:
(1) a majority of a quorum of the directors when the action is taken;
or
(2) the number of directors required by the articles or bylaws to take
action under section 824.
(c) Sections 820 through 824, which govern meetings, action without
meetings, notice and waiver of notice, and quorum and voting requirements of
the board, apply to committees of the board and their members as well.
(d) To the extent specified by the board of directors or in the
articles or bylaws, each committee of the board may exercise the board's
authority under section 801.
(e) A committee of the board may not, however:
(1) authorize distributions;
(2) approve or recommend to members dissolution, merger or the sale,
pledge or transfer of all or substantially all of the corporation's
assets;
(3) elect, appoint or remove directors or fill vacancies on the board
or on any of its committees; or
(4) adopt, amend or repeal the articles or bylaws.
(f) The creation of, delegation of authority to, or action by a
committee does not alone constitute compliance by a director with the
standards of conduct described in section 830.

SECTION 830. General Standards for Directors.
(a) A director shall discharge his or her duties as a director,
including his or her duties as a member of a committee:
(1) in good faith;
(2) with the care an ordinarily prudent person in a like position
would exercise under similar circumstances; and
(3) in a manner the director reasonably believes to be in the best
interests of the corporation.
(b) In discharging his or her duties, a director is entitled to rely
on information, opinions, reports, or statements, including financial
statements and other financial data, if prepared or presented by:
(1) one or more officers or employees of the corporation whom the
director reasonably believes to be reliable and competent in the matters
presented;
(2) legal counsel, public accountants or other persons as to matters
the director reasonably believes are within the person's professional or
expert competence;
(3) a committee of the board of which the director is not a member, as
to matters within its jurisdiction, if the director reasonably believes
the committee merits confidence; or
(4) in the case of religious corporations, religious authorities and
ministers, priests, rabbis or other persons whose position or duties in
the religious organization the director believes justify reliance and
confidence and whom the director believes to be reliable and competent
in the matters presented.
(c) A director is not acting in good faith if the director has
knowledge concerning the matter in question that makes reliance otherwise
permitted by subsection (b) unwarranted.
(d) A director is not liable to the corporation, any member, or any
other person for any action taken or not taken as a director, if the director
acted in compliance with this section.
(e) A director shall not be deemed to be a trustee with respect to the
corporation or with respect to any property held or administered by the
corporation, including without limit, property that may be subject to
restrictions imposed by the donor or transferor of such property.

SECTION 831. Director Conflict of Interest.
(a) A conflict of interest transaction is a transaction with the
corporation in which a director of the corporation has a direct or indirect
interest. A conflict of interest transaction is not voidable or the basis for
imposing liability on the director if any of the following is true:
(1) the transaction was fair to the corporation at the time it was
entered into;
(2) the material facts of the transaction and the director's interest
were disclosed or known to the board of directors and the board
authorized, approved, or ratified the transaction; or
(3) the material facts of the transaction and the director's interest
were disclosed or known to the members and they authorized, approved, or
ratified the transaction.

(b) For purposes of this section, a director of the corporation has an indirect interest in a transaction if (1) another entity in which the director has a material interest or in which the director is a general partner is a party to the transaction or (2) another entity of which the director is a director, officer, or trustee is a party to the transaction.

(c) For purposes of subsection (a)(2) a conflict of interest transaction is authorized, approved, or ratified, if it receives the affirmative vote of a majority of the directors on the board, who have no direct or indirect interest in the transaction, but a transaction may not be authorized, approved, or ratified under this section by less than a majority of the entire board of directors.

(d) For purposes of subsection (a)(3), a conflict of interest transaction is authorized, approved, or ratified by the members if it receives a majority of the votes entitled to be counted under this subsection. Votes cast by or voted under the control of a director who has a direct or indirect interest in the transaction, and votes cast by or voted under the control of an entity described in subsection (b)(1), may not be counted in a vote of members to determine whether to authorize, approve, or ratify a conflict of interest transaction under subsection (a)(3). The vote of these members, however, is counted in determining whether the transaction is approved under other sections of this Act. A majority of the voting power, whether or not present, that are entitled to be counted in a vote on the transaction under this subsection constitutes a quorum for the purpose of taking action under this section.

(e) The articles, bylaws, or a resolution of the board may impose additional requirements on conflict of interest transactions.

SECTION 832. Loans to or Guaranties for Directors and Officers.

(a) A corporation may not lend money to or guaranty the obligation of a director or officer of the corporation.

(b) The fact that a loan or guaranty is made in violation of this section does not affect the borrower's liability on the loan.

SECTION 833. Liability for Unlawful Distributions.
(a) Unless a director complies with the applicable standards of Conduct described in section 830, a director who votes for or assents to a distribution made in violation of this Act is personally liable to the Corporation for the amount of the distribution that exceeds what could have been distributed without violating this Act.

(b) A director held liable for an unlawful distribution under subsection (a) is entitled to contribution:

1) from every other director who voted for or assented to the distribution without complying with the applicable standards of conduct described in section 830; and

2) from each person who received an unlawful distribution for the amount of the distribution whether or not the person receiving the distribution knew it was made in violation of this Act.

SECTION 840. Required Officers.

(a) Unless otherwise provided in the articles or bylaws, a corporation shall have a president, a secretary, a treasurer and such other officers as are appointed by the board.

(b) The bylaws or the board shall delegate to one of the officers responsibility for preparing minutes of the directors' and members' meetings and for authenticating records of the corporation.

(c) The same individual may simultaneously hold more than one office in a corporation.

SECTION 842. Standards of Conduct for Officers.

(a) An officer with discretionary authority shall discharge his or her duties under that authority:

1) in good faith;

2) with the care an ordinarily prudent person in a like position would exercise under similar circumstances; and

3) in a manner the officer reasonably believes to be in the best interests of the corporation and its members, if any.

(b) In discharging his or her duties an officer is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by:
(1) one or more officers or employees of the corporation who the officer reasonably believes to be reliable and competent in the matters presented;
(2) legal counsel, public accountants or other persons as to matters the officer reasonably believes are within the person's professional or expert competence; or
(3) in the case of religious corporations, religious authorities and ministers, priests, rabbis or other persons whose position or duties in the religious organization the officer believes justify reliance and confidence and who the officer believes to be reliable and competent in the matters presented.

(c) An officer is not acting in good faith if the officer has knowledge concerning the matter in question that makes reliance otherwise permitted by subsection (b) unwarranted.

(d) An officer is not liable to the corporation, any member, or other person for any action taken or not taken as an officer, if the officer acted in compliance with this section.

SECTION 843. Resignation and Removal of Officers.

(a) An officer may resign at any time by delivering notice to the corporation. A resignation is effective when the notice is effective unless the notice specifies a future effective date. If a resignation is made effective at a future date and the corporation accepts the future effective date, its board of directors may fill the pending vacancy before the effective date if the board provides that the successor does not take office until the effective date.

(b) A board may remove any officer at any time with or without cause.


(a) The appointment of an officer does not itself create contract rights.

(b) An officer's removal does not affect the officer's contract rights, if any, with the corporation. An officer's resignation does not affect the corporation's contract rights, if any, with the officer.
SECTION 845. Officers' Authority to Execute Documents.

Any contract or other instrument in writing executed or entered into between a corporation and any other person is not invalidated as to the corporation by any lack of authority of the signing officers in the absence of actual knowledge on the part of the other person that the signing officers had no authority to execute the contract or other instrument if it is signed by any two officers in Category 1 below or by one officer in Category 1 below and one officer in Category 2 below.

Category 1 - The presiding officer of the board and the president.
Category 2 - A vice president, the secretary, treasurer and executive director.

SECTION 850. Subchapter Definitions.

In this subchapter:

(1) "Corporation" includes any domestic or foreign predecessor entity of a corporation in a merger or other transaction in which the predecessor's existence ceased upon consummation of the transaction.

(2) "Director" means an individual who is or was a director of a corporation or an individual who, while a director of a corporation, is or was serving at the corporation's request as a director, officer, partner, trustee, employee, or agent of another foreign or domestic business or nonprofit corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise. A director is considered to be serving an employee benefit plan at the corporation's request if the director's duties to the corporation also impose duties on, or otherwise involve services by, the director to the plan or to participants in or beneficiaries of the plan. "Director" includes, unless the context requires otherwise, the estate or personal representative of a director.

(3) "Expenses" include counsel fees.

(4) "Liability" means the obligation to pay a judgment, settlement, penalty, fine (including an excise tax assessed with respect to an employee benefit plan), or reasonable expenses actually incurred with respect to a proceeding.

(5) "Official capacity" means: (i) when used with respect to a director, the office of director in a corporation; and (ii) when used
with respect to an individual other than a director, as contemplated in
section 856, the office in a corporation held by the officer or the
employment or agency relationship undertaken by the employee or agent on
behalf of the corporation. "Official capacity" does not include service
for any other foreign or domestic business or nonprofit corporation or
any partnership, joint venture, trust, employee benefit plan, or other
enterprise.

(6) "Party" includes an individual who was, is or is threatened to be
made a named defendant or respondent in a proceeding.

(7) "Proceeding" means any threatened, pending, or completed action,
suit or proceeding whether civil, criminal, administrative, or
investigative and whether formal or informal.

SECTION 851. Authority to Indemnify.

(a) Except as provided in subsection (d), a corporation may indemnify
an individual made a party to a proceeding because the individual is or was a
director against liability incurred in the proceeding if the individual:

(1) conducted himself or herself in good faith; and

(2) reasonably believed:

(i) in the case of conduct in his or her official capacity with the
corporation, that his or her conduct was in its best interests;

and

(ii) in all other cases, that his or her conduct was at least not
opposed to its best interests; and

(3) in the case of any criminal proceeding, had no reasonable cause to
believe his or her conduct was unlawful.

(b) A director's conduct with respect to an employee benefit plan for
a purpose the director reasonably believed to be in the interests of the
participants in and beneficiaries of the plan is conduct that satisfies the
requirements of subsection (a)(2)(ii).

(c) The termination of a proceeding by judgment, order, settlement,
conviction, or upon a plea of nolo contendere or its equivalent is not, of
itself, determinative that the director did not meet the standard of conduct
described in this section.

(d) A corporation may not indemnify a director under this section:
(1) in connection with a proceeding by or in the right of the corporation in which the director was adjudged liable to the corporation; or

(2) in connection with any other proceeding charging improper personal benefit to the director, whether or not involving action in his or her official capacity, in which the director was adjudged liable on the basis that personal benefit was improperly received by the director.

(e) Indemnification permitted under this section in connection with a proceeding by or in the right of the corporation is limited to reasonable expenses incurred in connection with the proceeding.

SECTION 852. Mandatory Indemnification.

Unless limited by its articles of incorporation, a corporation shall indemnify a director who was wholly successful, on the merits or otherwise, in the defense of any proceeding to which the director was a party because he or she is or was a director of the corporation against reasonable expenses actually incurred by the director in connection with the proceeding.

SECTION 853. Advance for Expenses.

(a) A corporation may pay for or reimburse the reasonable expenses incurred by a director who is a party to a proceeding in advance of final disposition of the proceeding if:

(1) the director furnishes the corporation a written affirmation of his or her good faith belief that he or she has met the standard of conduct described in section 851;

(2) the director furnishes the corporation a written undertaking, executed personally or on the director's behalf, to repay the advance if it is ultimately determined that the director did not meet the standard of conduct; and

(3) a determination is made that the facts then known to those making the determination would not preclude indemnification under this subchapter.

(b) The undertaking required by subsection (a)(2) must be an unlimited general obligation of the director but need not be secured and may be accepted without reference to financial ability to make repayment.
(c) Determinations and authorizations of payments under this section shall be made in the manner specified in section 855.

SECTION 854. Court-ordered Indemnification.

Unless limited by a corporation's articles of incorporation, a director of the corporation who is a party to a proceeding may apply for indemnification to the court conducting the proceeding or to another court of competent jurisdiction. On receipt of an application, the court after giving any notice the court considers necessary may order indemnification in the amount it considers proper if it determines:

1. the director is entitled to mandatory indemnification under section 852, in which case the court shall also order the corporation to pay the director's reasonable expenses incurred to obtain court-ordered indemnification; or
2. the director is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, whether or not the director met the standard of conduct set forth in section 851(a) or was adjudged liable as described in section 851(d), but if the director was adjudged so liable indemnification is limited to reasonable expenses incurred.

SECTION 855. Determination and Authorization of Indemnification.

(a) A corporation may not indemnify a director under section 851 unless authorized in the specific case after a determination has been made that indemnification of the director is permissible in the circumstances because the director has met the standards of conduct set forth in section 851.

(b) The determination shall be made:
1. by the board of directors by majority vote of a quorum consisting of directors not at the time parties to the proceeding;
2. if a quorum cannot be obtained under subdivision (1), by majority vote of a committee duly designated by the board of directors (in which designation directors who are parties may participate), consisting solely of two or more directors not at the time parties to the proceeding;
3. by special legal counsel:
(i) selected by the board of directors or its committee in the manner prescribed in subdivision (1) or (2); or
(ii) if a quorum of the board cannot be obtained under subdivision (1) and a committee cannot be designated under subdivision (2), selected by majority vote of the full board (in which selection directors who are parties may participate); or
(4) by the members of a mutual benefit corporation, but directors who are at the time parties to the proceeding may not vote on the determination.

(c) Authorization of indemnification and evaluation as to reasonableness of expenses shall be made in the same manner as the determination that indemnification is permissible, except that if the determination is made by special legal counsel, authorization of indemnification and evaluation as to reasonableness of expenses shall be made by those entitled under subsection (b)(3) to select counsel.

(d) A director of a public benefit corporation may not be indemnified until 20 days after the effective date of written notice to the attorney general of the proposed indemnification.

SECTION 856. Indemnification of Officers, Employees and Agents.

Unless limited by a corporation's articles of incorporation:

(1) an officer of the corporation who is not a director is entitled to mandatory indemnification under section 852, and is entitled to apply for court-ordered indemnification under section 854 in each case, to the same extent as a director;

(2) the corporation may indemnify and advance expenses under this subchapter to an officer, employee, or agent of the corporation who is not a director to the same extent as to a director; and

(3) a corporation may also indemnify and advance expenses to an officer, employee, or agent who is not a director to the extent, consistent with public policy, that may be provided by its articles of incorporation, bylaws, general or specific action of its board of directors, or contract.

SECTION 857. Insurance.
A corporation may purchase and maintain insurance on behalf of an individual who is or was a director, officer, employee, or agent of the corporation, or who, while a director, officer, employee, or agent of the corporation, is or was serving at the request of the corporation as a director, officer, partner, trustee, employee, or agent of another foreign or domestic business or nonprofit corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise, against liability asserted against or incurred by him or her in that capacity or arising from his or her status as a director, officer, employee, or agent, whether or not the corporation would have power to indemnify the person against the same liability under section 851 or 852.

SECTION 858. Application of Subchapter.

(a) A provision treating a corporation's indemnification of or advance for expenses to directors that is contained in its articles of incorporation, bylaws, a resolution of its members or board of directors, or in a contract or otherwise, is valid only if and to the extent the provision is consistent with this subchapter. If articles of incorporation limit indemnification or advance for expenses, indemnification and advance for expenses are valid only to the extent consistent with the articles.

(b) This subchapter does not limit a corporation's power to pay or reimburse expenses incurred by a director in connection with appearing as a witness in a proceeding at a time when the director has not been made a named defendant or respondent to the proceeding.

SECTION 1001. Authority to Amend.

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

SECTION 1002. Amendment by Directors.

(a) Unless the articles provide otherwise, a corporation's board of directors may adopt one or more amendments to the corporation's articles.
without member approval;

(1) to extend the duration of the corporation if it was incorporated at a time when limited duration was required by law;

(2) to delete the names and addresses of the initial directors;

(3) to delete the name and address of the initial registered agent or registered office, if a statement of change is on file with the Secretary of State;

(4) to change the corporate name by substituting the word "corporation," "incorporated," "company," "limited," or the abbreviation "corp.,” "inc.,” "co.,” or "ltd.,” for a similar word or abbreviation in the name, or by adding, deleting or changing a geographical attribution to the name; or

(5) to make any other change expressly permitted by this Act to be made by director action.

(b) If a corporation has no members, its incorporators, until directors have been chosen, and thereafter its board of directors, may adopt one or more amendments to the corporation's articles subject to any approval required pursuant to section 1030. The corporation shall provide notice of any meeting at which an amendment is to be voted upon. The notice shall be in accordance with section 822(c). The notice must also state that the purpose, or one of the purposes, of the meeting is to consider a proposed amendment to the articles and contain or be accompanied by a copy or summary of the amendment or state the general nature of the amendment. The amendment must be approved by a majority of the directors in office at the time the amendment is adopted.

SECTION 1003. Amendment by Directors and Members.

(a) Unless this Act, the articles, bylaws, the members (acting pursuant to subsection (b)), or the board of directors (acting pursuant to subsection (c)) require a greater vote or voting by class, an amendment to a corporation's articles to be adopted must be approved:

(1) by the board if the corporation is a public benefit or religious corporation and the amendment does not relate to the number of directors, the composition of the board, the term of office of directors, or the method or way in which directors are elected or
selected;
(2) except as provided in subsection 1002(a), by the members by two-thirds of the votes cast or a majority of the voting power, whichever is less; and
(3) in writing by a person or persons whose approval is required by a provision of the articles authorized by section 1030.
(b) The members may condition the amendment's adoption on receipt of a higher percentage of affirmative votes or on any other basis.
(c) If the board initiates an amendment to the articles or board approval is required by subsection (a) to adopt an amendment to the articles, the board may condition the amendment's adoption on receipt of a higher percentage of affirmative votes or any other basis.
(d) If the board or the members seek to have the amendment approved by the members at a membership meeting, the corporation shall give notice to its members of the proposed membership meeting in writing in accordance with section 705. The notice must state that the purpose, or one of the purposes, of the meeting is to consider the proposed amendment and contain or be accompanied by a copy or summary of the amendment.
(e) If the board or the members seek to have the amendment approved by the members by written consent or written ballot, the material soliciting the approval shall contain or be accompanied by a copy or summary of the amendment.

SECTION 1004. Class Voting by Members on Amendments.
(a) The members of a class in a public benefit corporation are entitled to vote as a class on a proposed amendment to the articles if the amendment would change the rights of that class as to voting in a manner different than such amendment affects another class or members of another class.
(b) The members of a class in a mutual benefit corporation are entitled to vote as a class on a proposed amendment to the articles if the amendment would:
(1) affect the rights, privileges, preferences, restrictions or conditions of that class as to voting, dissolution, redemption or transfer of memberships in a manner different than such amendment would
affect another class;
(2) change the rights, privileges, preferences, restrictions or conditions of that class as to voting, dissolution, redemption or transfer by changing the rights, privileges, preferences, restrictions or conditions of another class.
(3) increase or decrease the number of memberships authorized for that class;
(4) increase the number of memberships authorized for another class;
(5) effect an exchange, reclassification or termination of the memberships of that class; or
(6) authorize a new class of memberships.
(c) The members of a class of a religious corporation are entitled to vote as a class on a proposed amendment to the articles only if a class vote is provided for in the articles or bylaws.
(d) If a class is to be divided into two or more classes as a result of an amendment to the articles of a public benefit or mutual benefit corporation, the amendment must be approved by the members of each class that would be created by the amendment.
(e) Except as provided in the articles or bylaws of a religious corporation, if a class vote is required to approve an amendment to the articles of a corporation, the amendment must be approved by the members of the class by two-thirds of the votes cast by the class or a majority of the voting power of the class, whichever is less.
(f) A class of members of a public benefit or mutual benefit corporation is entitled to the voting rights granted by this section although the articles and bylaws provide that the class may not vote on the proposed amendment.

SECTION 1005. Articles of Amendment.
A corporation amending its articles shall deliver to the Secretary of State articles of amendment setting forth:
(1) the name of the corporation;
(2) the text of each amendment adopted;
(3) the date of each amendment's adoption;
(4) if approval of members was not required, a statement to that
effect and a statement that the amendment was approved by a sufficient vote of the board of directors or incorporators;

(5) if approval by members was required:

(i) the designation, number of memberships outstanding, number of votes entitled to be cast by each class entitled to vote separately on the amendment, and number of votes of each class indisputably voting on the amendment; and

(ii) either the total number of votes cast for and against the amendment by each class entitled to vote separately on the amendment or the total number of undisputed votes cast for the amendment by each class and a statement that the number cast for the amendment by each class was sufficient for approval by that class.

(6) if approval of the amendment by some person or persons other than the members, the board or the incorporators is required pursuant to section 1030, a statement that the approval was obtained.

SECTION 1006. Restated Articles of Incorporation.

(a) A corporation's board of directors may restate its articles of incorporation at any time with or without approval by members or any other person.

(b) The restatement may include one or more amendments to the articles. If the restatement includes an amendment requiring approval by the members or any other person, it must be adopted as provided in section 1003.

(c) If the restatement includes an amendment requiring approval by members, the board must submit the restatement to the members for their approval.

(d) If the board seeks to have the restatement approved by the members at a membership meeting, the corporation shall notify each of its members of the proposed membership meeting in writing in accordance with section 705. The notice must also state that the purpose, or one of the purposes, of the meeting is to consider the proposed restatement and contain or be accompanied by a copy or summary of the restatement that identifies any amendments or other change it would make in the articles.

(e) If the board seeks to have the restatement approved by the members
by written ballot or written consent, the material soliciting the approval shall contain or be accompanied by a copy or summary of the restatement that identifies any amendments or other change it would make in the articles.

(f) A restatement requiring approval by the members must be approved by the same vote as an amendment to articles under section 1003.

(g) If the restatement includes an amendment requiring approval pursuant to section 1030, the board must submit the restatement for such approval.

(h) A corporation restating its articles shall deliver to the Secretary of State articles of restatement setting forth the name of the corporation and the text of the restated articles of incorporation together with a certificate setting forth:

(1) whether the restatement contains an amendment to the articles requiring approval by the members or any other person other than the board of directors and, if it does not, that the board of directors adopted the restatement; or

(2) if the restatement contains an amendment to the articles requiring approval by the members, the information required in section 1005; and

(3) if the restatement contains an amendment to the articles requiring approval by a person whose approval is required pursuant to section 1030, a statement that such approval was obtained.

(i) Duly adopted restated articles of incorporation supersede the original articles of incorporation and all amendments to them.

(j) The Secretary of State may certify restated articles of incorporation, as the articles of incorporation currently in effect, without including the certificate information required by subsection (h).

SECTION 1007. Amendment Pursuant to Judicial Reorganization.

(a) A corporation's articles may be amended without board approval or approval by the members or approval required pursuant to section 1030 to carry out a plan of reorganization ordered or decreed by a court of competent jurisdiction under federal statute if the articles after amendment contain only provisions required or permitted by section 202.

(b) The individual or individuals designated by the court shall deliver to the Secretary of State articles of amendment setting forth:
(1) the name of the corporation;
(2) the text of each amendment approved by the court;
(3) the date of the court's order or decree approving the articles of amendment;
(4) the title of the reorganization proceeding in which the order or decree was entered; and
(5) a statement that the court had jurisdiction of the proceeding under federal statute.

(c) This section does not apply after entry of a final decree in the reorganization proceeding even though the court retains jurisdiction of the proceeding for limited purposes unrelated to consummation of the reorganization plan.

SECTION 1008. Effect of Amendment and Restatement.

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

SECTION 1020. Amendment by Directors.

If a corporation has no members, its incorporators, until directors have been chosen, and thereafter its board of directors, may adopt one or more amendments to the corporation's bylaws subject to any approval required pursuant to section 1030. The corporation shall provide notice of any meeting of directors at which an amendment is to be approved. The notice shall be in accordance with section 822(c). The notice must also state that the purpose, or one of the purposes, of the meeting is to consider a proposed amendment of the bylaws and contain or be accompanied by a copy or summary of the amendment or state the general nature of the amendment. The amendment must be approved by a majority of the directors in office at the time the amendment is adopted.
SECTION 1021. Amendment by Directors and Members.

(a) Unless this Act, the articles, bylaws, the members (acting pursuant to subsection (b)), or the board of directors (acting pursuant to subsection (c)) require a greater vote or voting by class, an amendment to a corporation's bylaws to be adopted must be approved:

(1) by the board if the corporation is a public benefit or religious corporation and the amendment does not relate to the number of directors, the composition of the board, the term of office of directors, or the method or way in which directors are elected or selected;

(2) by the members by two-thirds of the votes cast or a majority of the voting power, whichever is less; and

(3) in writing by any person or persons whose approval is required by a provision of the articles authorized by section 1030.

(b) The members may condition the amendment's adoption on its receipt of a higher percentage of affirmative votes or on any other basis.

(c) If the board initiates an amendment to the bylaws or board approval is required by subsection (a) to adopt an amendment to the bylaws, the board may condition the amendment's adoption on receipt of a higher percentage of affirmative votes or on any other basis.

(d) If the board or the members seek to have the amendment approved by the members at a membership meeting, the corporation shall give notice to its members of the proposed membership meeting in writing in accordance with section 705. The notice must also state that the purpose, or one of the purposes, of the meeting is to consider the proposed amendment and contain or be accompanied by a copy or summary of the amendment.

(e) If the board or the members seek to have the amendment approved by the members by written consent or written ballot, the material soliciting the approval shall contain or be accompanied by a copy or summary of the amendment.

SECTION 1022. Class Voting By Members On Amendments.

(a) The members of a class in a public benefit corporation are entitled to vote as a class on a proposed amendment to the bylaws if the amendment would change the rights of that class as to voting in a manner
different than such amendment affects another class or members of another class.

(b) The members of a class in a mutual benefit corporation are entitled to vote as a class on a proposed amendment to the bylaws if the amendment would:

1. affect the rights, privileges, preferences, restrictions or conditions of that class as to voting, dissolution, redemption or transfer of memberships in a manner different than such amendment would affect another class;
2. change the rights, privileges, preferences, restrictions or conditions of that class as to voting, dissolution, redemption or transfer by changing the rights, privileges, preferences, restrictions or conditions of another class;
3. increase or decrease the number of memberships authorized for that class;
4. increase the number of memberships authorized for another class;
5. effect an exchange, reclassification or termination of all or part of the memberships of that class; or
6. authorize a new class of memberships.

(c) The members of a class of a religious corporation are entitled to vote as a class on a proposed amendment to the bylaws only if a class vote is provided for in the articles or bylaws.

(d) If a class is to be divided into two or more classes as a result of an amendment to the bylaws, the amendment must be approved by the members of each class that would be created by the amendment; and

(e) If a class vote is required to approve an amendment to the bylaws, the amendment must be approved by the members of the class by two-thirds of the votes cast by the class or a majority of the voting power of the class, whichever is less.

(f) A class of members is entitled to the voting rights granted by this section although the articles and bylaws provide that the class may not vote on the proposed amendment.

SECTION 1030. Approval by Third Parties.

The articles may require an amendment to the articles or bylaws to be
approved in writing by a specified person or persons other than the board. Such an article provision may only be amended with the approval in writing of such person or persons.

SECTION 1031. Amendment Terminating Members or Redeeming or Canceling Memberships.

(a) Any amendment to the articles or bylaws of a public benefit or mutual benefit corporation that would terminate all members or any class of members or redeem or cancel all memberships or any class of memberships must meet the requirements of the Act and this section, unless otherwise provided in the articles or bylaws.

(b) Before adopting a resolution proposing such an amendment, the board of a mutual benefit corporation shall give notice of the general nature of the amendment to the members.

(c) After adopting a resolution proposing such an amendment, the notice to members proposing such amendment shall include one statement of up to 500 words opposing the proposed amendment if such statement is submitted by any five members or members having three percent or more of the voting power, whichever is less, not later than twenty days after the board has voted to submit such amendment to the members for their approval. In public benefit corporations the production and mailing costs shall be paid by the requesting members. In mutual benefit corporations the production and mailing costs shall be paid by the corporation.

(d) Any such amendment shall be approved by the members by two-thirds of the votes cast by each class.

(e) The provisions of section 621 shall not apply to any amendment meeting the requirements of the Act and this section.

SECTION 1101. Approval Of Plan Of Merger

(a) Subject to the limitations set forth in section 1102, two or more nonprofit corporations may merge, if the plan of merger is approved or provided in section 1103.

(b) The plan of merger must set forth:

(1) the name of each corporation planning to merge and the name of the surviving corporation into which each plans to merge;
(2) the terms and conditions of the planned merger;
(3) the manner and basis, if any, of converting the memberships of
each public benefit or religious corporation into memberships of the
surviving corporation; and
(4) if the merger involves a mutual benefit corporation, the manner
and basis, if any, of converting memberships of each merging corporation
into memberships, obligations or securities of the surviving or any
other corporation or into cash or other property in whole or in part.
(c) The plan of merger may set forth:
(1) any amendments to the articles of incorporation or bylaws of the
surviving corporation to be effected by the planned merger; and
(2) other provisions relating to the planned merger.

SECTION 1102. Limitations On Mergers By Public Benefit Or Religious
Corporations
(a) Without the prior approval of the Chancery Court of the county in
which the corporation's principal office (or, if none in this state, its
registered office) is located, a public benefit or religious corporation may
merge only with:
(1) a public benefit or religious corporation;
(2) a foreign corporation that would qualify under this Act as a
public benefit or religious corporation; or
(3) a mutual benefit corporation, provided the public benefit or
religious corporation is the surviving corporation and continues to be a
public benefit corporation or religious corporation after the merger.
(b) Without an order of the Chancery Court of the county in which the
corporation's principal office (or, if none in this state, its registered
office) is located, no member of a public benefit or religious corporation may
receive or keep anything as a result of a merger other than a membership or
membership in the surviving public benefit or religious corporation. The
court shall approve the transaction if it is in the public interest.

SECTION 1103. Action On Plan By Board, Members And Third Persons
(a) Unless this Act, the articles, bylaws or the board of directors or
members (acting pursuant to subsection (c)) require a greater vote or voting
by class, a plan of merger to be adopted must be approved:

1. by the board;
2. by the members, if any, by two-thirds of the votes cast or a majority of the voting power, whichever is less; and
3. in writing by any person or persons whose approval is required by a provision of the articles authorized by section 1030 for an amendment to the articles or bylaws.

(b) If the corporation does not have members, the merger must be approved by a majority of the directors in office at the time the merger is approved. In addition the corporation shall provide notice of any directors' meeting at which such approval is to be obtained in accordance with section 822(c). The notice must also state that the purpose, or one of the purposes, of the meeting is to consider the proposed merger.

(c) The board may condition its submission of the proposed merger, and the members may condition their approval of the merger, on receipt of a higher percentage of affirmative votes or on any other basis.

(d) If the board seeks to have the plan approved by the members at a membership meeting, the corporation shall give notice to its members of the proposed membership meeting in accordance with section 705. The notice must also state that the purpose, or one of the purposes, of the meeting is to consider the plan of merger and contain or be accompanied by a copy or summary of the plan. The copy or summary of the plan for members of the surviving corporation shall include any provision that, if contained in a proposed amendment of the articles of incorporation or bylaws, would entitle members to vote on the provision. The copy or summary of the plan for members of the disappearing corporation shall include a copy or summary of the articles and bylaws that will be in effect immediately after the merger takes effect.

(e) If the board seeks to have the plan approved by the members by written consent or written ballot, the material soliciting the approval shall contain or be accompanied by a copy or summary of the plan. The copy or summary of the plan for members of the surviving corporation shall include any provision that, if contained in a proposed amendment to the articles of incorporation or bylaws, would entitle members to vote on the provision. The copy or summary of the plan for members of the disappearing corporation shall include a copy or summary of the articles and bylaws that will be in effect immediately after the merger takes effect.
immediately after the merger takes effect.

(f) Voting by a class of members is required on a plan of merger if the plan contains a provision that, if contained in a proposed amendment to articles of incorporation or bylaws, would entitle the class of members to vote as a class on the proposed amendment under section 1004 or 1022. The plan is approved by a class of members by two-thirds of the votes cast by the class or a majority of the voting power of the class, whichever is less.

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

SECTION 1104. Articles Of Merger

After a plan of merger is approved by the board of directors, and if required by section 1103, by the members and any other persons, the surviving or acquiring corporation shall deliver to the Secretary of State articles of merger setting forth:

(1) the plan of merger;

(2) if approval of members was not required, a statement to that effect and a statement that the plan was approved by a sufficient vote of the board of directors;

(3) if approval by members was required:

(i) the designation, number of memberships outstanding, number of votes entitled to be cast by each class entitled to vote separately on the plan, and number of votes of each class indisputably voting on the plan; and

(ii) either the total number of votes cast for and against the plan by each class entitled to vote separately on the plan or the total number of undisputed votes cast for the plan by each class and a statement that the number cast for the plan by each class was sufficient for approval by that class;

(4) if approval of the plan by some person or persons other than the members or the board is required pursuant to section 1103(a)(3), a
statement that the approval was obtained.

SECTION 1105. Effect Of Merger
When a merger takes effect:
(1) every other corporation party to the merger merges into the surviving corporation and the separate existence of every corporation except the surviving corporation ceases;
(2) the title to all real estate and other property owned by each corporation party to the merger is vested in the surviving corporation without reversion or impairment subject to any and all conditions to which the property was subject prior to the merger;
(3) the surviving corporation has all liabilities and obligations of each corporation party to the merger;
(4) a proceeding pending against any corporation party to the merger may be continued as if the merger did not occur or the surviving corporation may be substituted in the proceeding for the corporation whose existence ceased; and
(5) the articles of incorporation and bylaws of the surviving corporation are amended to the extent provided in the plan of merger.

SECTION 1106. Merger With Foreign Corporation
(a) Except as provided in section 1102, one or more foreign nonprofit corporations may merge with one or more domestic nonprofit corporations if:
(1) the merger is permitted by the law of the state or country under whose law each foreign corporation is incorporated and each foreign corporation complies with that law in effecting the merger;
(2) the foreign corporation complies with section 1104 if it is the surviving corporation of the merger; and
(3) each domestic nonprofit corporation complies with the applicable provisions of sections 1101 through 1103 and, if it is the surviving corporation of the merger, with section 1104.
(b) Upon the merger taking effect, the surviving foreign business or nonprofit corporation is deemed to have irrevocably appointed the Secretary of State as its agent for service of process in any proceeding brought against it.
SECTION 1107. Bequests, Devises And Gifts

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

SECTION 1108 Continuation Of Prior Corporate Existence For Limited Purpose.

(a) The corporate existence of each constituent corporation which has been dissolved through merger or consolidation shall be continued indefinitely for the limited purpose of enabling the constituent corporation to execute through its own officers formal deeds, conveyances, assignments, and other instruments evidencing the transfer from the constituent to the surviving corporation, or new corporation created by consolidation, of any or all real and personal properties which have passed from the constituent to the surviving or consolidated corporation by operation of law.

(b) The execution of the instruments shall not be essential to effect the transfer of title from the constituent to the surviving or consolidated corporation, inasmuch as the transfer will take effect through operation of law; but the power to execute such instruments is given to the end that it may be exercised:

(1) In respect to properties located in foreign jurisdictions which may not recognize a transmittal of title by operation of law under the merger and consolidation statutes of this state; and

(2) In any other situation where the directors of the surviving or consolidated corporation consider the execution of the instruments desirable.

SECTION 1201. Sale Of Assets In Regular Course Of Activities And Mortgage Of Assets

(a) A corporation may on the terms and conditions and for the consideration determined by the board of directors:

(1) sell, lease, exchange, or otherwise dispose of all, or
substantially all, of its property in the usual and regular course of its activities; or
(2) mortgage, pledge, dedicate to the repayment of indebtedness (whether with or without recourse), or otherwise encumber any or all of its property whether or not in the usual and regular course of its activities.
(b) Unless the articles require it, approval of the members or any other person of a transaction described in subsection (a) is not required.

SECTION 1202. Sale Of Assets Other Than In Regular Course Of Activities
(a) A corporation may sell, lease, exchange, or otherwise dispose of all, or substantially all, of its property (with or without the goodwill) other than in the usual and regular course of its activities on the terms and conditions and for the consideration determined by the corporation's board if the proposed transaction is authorized by subsection (b).
(b) Unless this Act, the articles, bylaws, or the board of directors or members (acting pursuant to subsection (d)) require a greater vote or voting by class, the proposed transaction to be authorized must be approved:
(1) by the board;
(2) by the members by two-thirds of the votes cast or a majority of the voting power, whichever is less; and
(3) in writing by any person or persons whose approval is required by a provision of the articles authorized by section 1030 for an amendment to the articles or bylaws.
(c) If the corporation does not have members the transaction must be approved by a vote of a majority of the directors in office at the time the transaction is approved. In addition the corporation shall provide notice of any directors' meeting at which such approval is to be obtained in accordance with section 822(c). The notice must also state that the purpose, or one of the purposes, of the meeting is to consider the sale, lease, exchange, or other disposition of all, or substantially all, of the property or assets of the corporation and contain or be accompanied by a copy or summary of a description of the transaction.
(d) The board may condition its submission of the proposed transaction, and the members may condition their approval of the transaction,
on receipt of a higher percentage of affirmative votes or on any other basis.

(e) If the corporation seeks to have the transaction approved by the members at a membership meeting, the corporation shall give notice to its members of the proposed membership meeting in accordance with section 705. The notice must also state that the purpose, or one of the purposes, of the meeting is to consider the sale, lease, exchange, or other disposition of all, or substantially all, of the property or assets of the corporation and contain or be accompanied by a copy or summary of a description of the transaction.

(f) If the board needs to have the transaction approved by the members by written consent or written ballot, the material soliciting the approval shall contain or be accompanied by a copy or summary of a description of the transaction.

(g) After a sale, lease, exchange, or other disposition of property is authorized, the transaction may be abandoned (subject to any contractual rights), without further action by the members or any other person who approved the transaction in accordance with the procedure set forth in the resolution proposing the transaction or, if none is set forth, in the manner determined by the board of directors.

SECTION 1301. Prohibited Distributions

Except as authorized by section 1302, a corporation shall not make any distributions.

SECTION 1302. Authorized Distributions

(a) A mutual benefit corporation may purchase its memberships if after the purchase is completed:

(1) the corporation would be able to pay its debts as they become due in the usual course of its activities; and

(2) the corporation's total assets would at least equal the sum of its total liabilities.

(b) Corporations may make distributions upon dissolution in conformity with subchapter 14 of this Act.

SECTION 1401. Dissolution by Incorporators Or Directors And Third Persons
(a) A majority of the incorporators or directors of a corporation that has no members may, subject to any approval required by the articles or bylaws, dissolve the corporation by delivering to the Secretary of State articles of dissolution.

(b) The corporation shall give notice of any meeting at which dissolution will be approved. The notice shall be in accordance with section 822(c). The notice must also state that the purpose, or one of the purposes, of the meeting is to consider dissolution of the corporation.

(c) The incorporators or directors in approving dissolution shall adopt a plan of dissolution indicating to whom the assets owned or held by the corporation will be distributed after all creditors have been paid.

SECTION 1402. Dissolution By Directors, Members And Third Persons
(a) Unless this Act, the articles, bylaws or the board of directors or members (acting pursuant to subsection (c)) require a greater vote or voting by class, dissolution is authorized if it is approved:

(1) by the board;

(2) by the members, if any, by two-thirds of the votes cast or a majority of the voting power, whichever is less; and

(3) in writing by any person or persons whose approval is required by a provision of the articles authorized by section 1030 for an amendment to the articles or bylaws.

(b) If the corporation does not have members, dissolution must be approved by a vote of a majority of the directors in office at the time the transaction is approved. In addition, the corporation shall provide notice of any directors' meeting at which such approval is to be obtained in accordance with section 822(c). The notice must also state that the purpose, or one of the purposes, of the meeting is to consider dissolution of the corporation and contain or be accompanied by a copy or summary of the plan of dissolution.

(c) The board may condition its submission of the proposed dissolution, and the members may condition their approval of the dissolution on receipt of a higher percentage of affirmative votes or on any other basis.

(d) If the board seeks to have dissolution approved by the members at a membership meeting, the corporation shall give notice to its members of the proposed membership meeting in accordance with section 705. The notice must
also state that the purpose, or one of the purposes, of the meeting is to consider dissolving the corporation and contain or be accompanied by a copy or summary of the plan of dissolution.

(e) If the board seeks to have dissolution approved by the members by written consent or written ballot, the material soliciting the approval shall contain or be accompanied by a copy or summary of the plan of dissolution.

(f) The plan of dissolution shall indicate to whom the assets owned or held by the corporation will be distributed after all creditors have been paid.

SECTION 1403. Articles Of Dissolution

(a) At any time after dissolution is authorized, the corporation may dissolve by delivering to the Secretary of State articles of dissolution setting forth:

(1) the name of the corporation;

(2) the date dissolution was authorized;

(3) a statement that dissolution was approved by a sufficient vote of the board;

(4) if approval of members was not required, a statement to that effect and a statement that dissolution was approved by a sufficient vote of the board of directors or incorporators;

(5) if approval by members was required:

(i) the designation, number of memberships outstanding, number of votes entitled to be cast by each class entitled to vote separately on dissolution, and number of votes of each class indisputably voting on dissolution; and

(ii) either the total number of votes cast for and against dissolution by each class entitled to vote separately on dissolution or the total number of undisputed votes cast for dissolution by each class and a statement that the number cast for dissolution by each class was sufficient for approval by that class.

(6) if approval of dissolution by some person or persons other than the members, the board or the incorporators is required pursuant to section 1402(a)(3), a statement that the approval was obtained.

(b) A corporation is dissolved upon the effective date of its articles
SECTION 1404. Effect Of Dissolution

(a) A dissolved corporation continues its corporate existence but may not carry on any activities except those appropriate to wind up and liquidate its affairs, including:

1. preserving and protecting its assets and minimizing its liabilities;
2. discharging or making provision for discharging its liabilities and obligations;
3. disposing of its properties that will not be distributed in kind;
4. returning, transferring or conveying assets held by the corporation upon a condition requiring return, transfer or conveyance, which condition occurs by reason of the dissolution, in accordance with such condition;
5. transferring, subject to any contractual or legal requirements, its assets as provided in or authorized by its articles of incorporation or bylaws;
6. if the corporation is a public benefit or religious corporation, and no provision has been made in its articles or bylaws for distribution of assets on dissolution, transferring, subject to any contractual or legal requirement, its assets: (i) to one or more persons described in section 501(c)(3) of the Internal Revenue Code, or (ii) if the dissolved corporation is not described in section 501(c)(3) of the Internal Revenue Code, to one or more public benefit or religious corporations;
7. if the corporation is a mutual benefit corporation and no provision has been made in its articles or bylaws for distribution of assets on dissolution, transferring its assets to its members or, if it has no members, to those persons whom the corporation holds itself out as benefitting or serving; and
8. doing every other act necessary to wind up and liquidate its assets and affairs.

(b) Dissolution of a corporation does not:

1. transfer title to the corporation's property;

(2) subject its directors or officers to standards of conduct different from those prescribed in chapter 8;
(3) change quorum or voting requirements for its board or members;
change provision for selection, resignation, or removal of its directors or officers or both; or change provisions for amending its bylaws;
(4) prevent commencement of a proceeding by or against the corporation in its corporate name;
(5) abate or suspend a proceeding pending by or against the corporation on the effective date of dissolution; or
(6) terminate the authority of the registered agent.

SECTION 1405. Known Claims Against Dissolved Corporation
(a) A dissolved corporation may dispose of the known claims against it by following the procedure described in this section.
(b) The dissolved corporation shall notify its known claimants in writing of the dissolution at any time after its effective date. The written notice must:
(1) describe information that must be included in a claim;
(2) provide a mailing address where a claim may be sent;
(3) state the deadline, which may not be fewer than 120 days from the effective date of the written notice, by which the dissolved corporation must receive the claim; and
(4) state that the claim will be barred if not received by the deadline.
(c) A claim against the dissolved corporation is barred:
(1) if a claimant who was given written notice under subsection (b) does not deliver the claim to the dissolved corporation by the deadline;
(2) if a claimant whose claim was rejected by the dissolved corporation does not commence a proceeding to enforce the claim within 90 days from the effective date of the rejection notice.
(d) For purposes of this section "claim" does not include a contingent liability or a claim based on an event occurring after the effective date of dissolution.

SECTION 1406. Unknown Claims Against Dissolved Corporation
(a) At any time after dissolution is authorized, a corporation may also publish notice of its dissolution and request that persons with claims against the corporation present them in accordance with the notice.

(b) The notice must:
   (1) be published one time in a newspaper of general circulation in the county where the corporation's principal office (or, if none in this state, its registered office) is or was last located;
   (2) describe the information that must be included in a claim and provide a mailing address where the claim may be sent; and
   (3) state that a claim against the corporation will be barred unless a proceeding to enforce the claim is commenced within one year after publication of the notice.

(c) If the corporation publishes a newspaper notice in accordance with subsection (b), the claim of each of the following claimants is barred unless the claimant commences a proceeding to enforce the claim against the corporation within one year after the publication date of the newspaper notice:
   (1) a claimant who did not receive written notice under section 1407;
   (2) a claimant whose claim was timely sent to the corporation but not acted on; and
   (3) a claimant whose claim is contingent or based on an event occurring after the effective date of dissolution.

(d) A claim may be enforced under this section:
   (1) against the corporation, to the extent of its undistributed assets; or
   (2) if the assets have been distributed in liquidation, against any person, other than a creditor of the corporation, to whom the corporation distributed its property to the extent of the distributee's pro rata share of the claim or the corporate assets distributed to such person in liquidation, whichever is less, but the distributee's total liability for all claims under this section may not exceed the total amount of assets distributed to the distributee.

SECTION 1420. Grounds For Administrative Dissolution
The Secretary of State may commence a proceeding under section 1421 to
administratively dissolve a corporation if:

1. the corporation does not pay within 60 days after they are due any taxes or penalties imposed by this Act;
2. the corporation is without a registered agent or registered office in this state for 120 days or more;
3. the corporation does not notify the secretary of state within 120 days that its registered agent or registered office has been changed, that its registered agent has resigned, or that its registered office has been discontinued; or
4. the corporation's period of duration, if any, stated in its articles of incorporation expires.

SECTION 1421. Procedure For And Effect Of Administrative Dissolution

(a) Upon determining that one or more grounds exist under section 1420 for dissolving a corporation, the Secretary of State shall serve the corporation with written notice of that determination under section 504.

(b) If the corporation does not correct each ground for dissolution or demonstrate to the reasonable satisfaction of the Secretary of State that each ground determined by the Secretary of State does not exist within at least 60 days after service of the notice is perfected under section 504, the Secretary of State may administratively dissolve the corporation by signing a certificate of dissolution that recites the ground or grounds for dissolution and its effective date. The Secretary of State shall file the original of the certificate and serve a copy on the corporation under section 504.

(c) A corporation administratively dissolved continues its corporate existence but may not carry on any activities except those necessary to wind up and liquidate its affairs under section 1404 and notify its claimants under sections 1405 and 1406.

(d) The administrative dissolution of a corporation does not terminate the authority of its registered agent.

SECTION 1422. Reinstatement Following Administrative Dissolution

(a) A corporation administratively dissolved under section 1421 may apply to the Secretary of State for reinstatement within two years after the effective date of dissolution. The application must:
(1) recite the name of the corporation and the effective date of its administrative dissolution;
(2) state that the ground or grounds for dissolution either did not exist or have been eliminated;
(3) state that the corporation's name satisfies the requirements of section 401; and
(4) contain an affidavit or a certificate from the Department of Finance and Administration reciting that all state taxes owed by the corporation have been paid.

(b) If the Secretary of State determines that the application contains the information required by subsection (a) and that the information is correct, the secretary of state shall cancel the certificate of dissolution and prepare a certificate of reinstatement reciting that determination and the effective date of reinstatement, file the original of the certificate, and serve a copy on the corporation under section 504.

(c) When reinstatement is effective, it relates back to and takes effect as of the effective date of the administrative dissolution and the corporation shall resume carrying on its activities as if the administrative dissolution had never occurred.

SECTION 1423. Appeal From Denial Of Reinstatement

(a) The Secretary of State, upon denying a corporation's application for reinstatement following administrative dissolution, shall serve the corporation under section 504 with a written notice that explains the reasons for denial.

(b) The corporation may appeal the denial of reinstatement to the Chancery Court of Pulaski County within 90 days after service of the notice of denial is perfected. The corporation appeals by petitioning the court to set aside the dissolution and attaching to the petition copies of the Secretary of State's certificate of dissolution, the corporation's application for reinstatement, and the Secretary of State's notice of denial.

(c) The court may summarily order the Secretary of State to reinstate the dissolved corporation or may take other action the court considers appropriate.

(d) The court's final decision may be appealed as in other civil cases.
proceedings.

SECTION 1430. Grounds For Judicial Dissolution
(a) The Chancery Court may dissolve a corporation:
   (1) in a proceeding by the attorney general if it is established that:
       (i) the corporation obtained its articles of incorporation through
           fraud;
       (ii) the corporation has continued to exceed or abuse the authority
           conferred upon it by law; or
       (iii) the corporation is a public benefit corporation and the corporate
           assets are being fraudulently misapplied or wasted.
   (2) except as provided in the articles or bylaws of a religious
       corporation, in a proceeding by 50 members or members holding 5% of the
       voting power, whichever is less, or by a director or any person
       specified in the articles, if it is established that:
       (i) the directors are deadlocked in the management of the corporate
           affairs, and the members, if any, are unable to breach the
           deadlock;
       (ii) the directors or those in control of the corporation have acted,
           are acting or will act in a manner that is illegal or fraudulent;
       (iii) the members are deadlocked in voting power and have failed, for a
           period that includes at least two consecutive annual meeting
           dates, to elect successors to directors whose terms have, or would
           otherwise have, expired; or
       (iv) the corporate assets are being fraudulently misapplied or wasted.
   (3) in a proceeding by a creditor if it is established that:
       (i) the creditor's claim has been reduced to judgment, the execution
           on the judgment returned unsatisfied and the corporation is
           insolvent; or
       (ii) the corporation has admitted in writing that the creditor's claim
           is due and owing and the corporation is insolvent.
   (4) in a proceeding by the corporation to have its voluntary
       dissolution continued under court supervision.
(b) Prior to dissolving a corporation, the court shall consider
whether:
(1) there are reasonable alternatives to dissolution;
(2) dissolution is in the public interest, if the corporation is a public benefit corporation; and 
(3) dissolution is the best way of protecting the interests of members, if the corporation is a mutual benefit corporation.

SECTION 1431. Procedure For Judicial Dissolution
(a) Venue for a proceeding by the attorney general to dissolve a corporation lies in the Chancery Court of Pulaski County. Venue for a proceeding brought by any other party named in Section 1430 lies in the Chancery Court of the county where a corporation's principal office (or, if none in this state, its registered office) is or was last located.
(b) It is not necessary to make directors or members parties to a proceeding to dissolve a corporation unless relief is sought against them individually.
(c) A court in a proceeding brought to dissolve a corporation may issue injunctions, appoint a receiver or custodian pendente lite with all powers and duties the court directs, take other action required to preserve the corporate assets wherever located, and carry on the activities of the corporation until a full hearing can be held.

SECTION 1432. Receivership Or Custodianship
(a) A court in a judicial proceeding brought to dissolve a public benefit or mutual benefit corporation may appoint one or more receivers to wind up and liquidate, or one or more custodians to manage, the affairs of the corporation. The court shall hold a hearing, after notifying all parties to the proceeding and any interested persons designated by the court, before appointing a receiver or custodian. The court appointing a receiver or custodian has exclusive jurisdiction over the corporation and all of its property wherever located.
(b) The court may appoint an individual, or a domestic or foreign business or nonprofit corporation (authorized to transact business in this state) as a receiver or custodian. The court may require the receiver or custodian to post bond, with or without sureties, in an amount the court directs.
(c) The court shall describe the powers and duties of the receiver or custodian in its appointing order, which may be amended from time to time. Among other powers:

(1) the receiver (i) may dispose of all or any part of the assets of the corporation wherever located, at a public or private sale, if authorized by the court; provided, however, that the receiver's power to dispose of the assets of the corporation is subject to any trust and other restrictions that would be applicable to the corporation; and (ii) may sue and defend in the receiver's or custodian's name as receiver or custodian of the corporation in all courts of this state;

(2) the custodian may exercise all of the powers of the corporation, through or in place of its board of directors or officers, to the extent necessary to manage the affairs of the corporation in the best interests of its members and creditors.

(d) The court during a receivership may redesignate the receiver a custodian, and during a custodianship may redesignate the custodian a receiver, if doing so is in the best interests of the corporation, its members and creditors.

(e) The court from time to time during the receivership or custodianship may order compensation paid and expense disbursements or reimbursements made to the receiver or custodian and the receiver or custodian's counsel from the assets of the corporation or proceeds from the sale of the assets.

SECTION 1433. Decree Of Dissolution

(a) If after a hearing the court determines that one or more grounds for judicial dissolution described in section 1430 exist, it may enter a decree dissolving the corporation and specifying the effective date of the dissolution, and the clerk of the court shall deliver a certified copy of the decree to the Secretary of State, who shall file it.

(b) After entering the decree of dissolution, the court shall direct the winding up and liquidation of the corporation's affairs in accordance with section 1406 and the notification of its claimants in accordance with section 1407 and 1408.
SECTION 1440. Deposit With State Treasurer

Assets of a dissolved corporation that should be transferred to a creditor, claimant, or member of the corporation who cannot be found or who is not competent to receive them, shall be reduced to cash subject to known trust restrictions and deposited with the state treasurer for safekeeping; provided, however, that in the state treasurer's discretion property may be received and held in kind. When the creditor, claimant, or member furnishes satisfactory proof of entitlement to the amount deposited or property held in kind, the state treasurer shall deliver to the creditor, member or other person or his or her representative that amount or property.

SECTION 1501. Authority To Transact Business Required

(a) A foreign corporation may not transact business in this state until it obtains a certificate of authority from the Secretary of State.

(b) The following activities, among others, do not constitute transacting business within the meaning of subsection (a):

(1) maintaining, defending, or settling any proceeding;

(2) holding meetings of the board of directors or members or carrying on other activities concerning internal corporate affairs;

(3) maintaining bank accounts;

(4) maintaining offices or agencies for the transfer, exchange, and registration of memberships or securities or maintaining trustees or depositaries with respect to those securities;

(5) selling through independent contractors;

(6) soliciting or obtaining orders, whether by mail or through employees or agents or otherwise, if the orders require acceptance outside this state before they become contracts;

(7) creating or acquiring indebtedness, mortgages, and security interests in real or personal property;

(8) securing or collecting debts or enforcing mortgages and security interests in property securing the debts;

(9) owning, without more, real or personal property;

(10) conducting an isolated transaction that is completed within 30 days and that is not one in the course of repeated transactions of a like nature;

SECTION 1502. Consequences Of Transacting Business Without Authority
(a) A foreign corporation transacting business in this state without a certificate of authority may not maintain a proceeding in any court in this state until it obtains a certificate of authority.
(b) The successor to a foreign corporation that transacted business in this state without a certificate of authority and the assignee of a cause of action arising out of that business may not maintain a proceeding on that cause of action in any court in this state until the foreign corporation or its successor obtains a certificate of authority.
(c) A court may stay a proceeding commenced by a foreign corporation, its successor, or assignee until it determines whether the foreign corporation or its successor requires a certificate of authority. If it so determines, the court may further stay the proceeding until the foreign corporation or its successor obtains the certificate.
(d) A foreign corporation is liable for a civil penalty of not more than $5,000.00 and not less than $100.00 if it transacts business in this state without a certificate of authority. The Secretary of State shall promulgate regulations for the calculation of the appropriate penalty, taking into consideration the size and assets of the corporation, the number of days the corporation has transacted business within the state and the amount of business transacted. The Secretary of State may institute proceedings in the Chancery Court of Pulaski County to collect all penalties due under this subsection.
(e) Notwithstanding subsections (a) and (b), the failure of a foreign corporation to obtain a certificate of authority does not impair the validity of its corporate acts or prevent it from defending any proceeding in this state.

SECTION 1503. Application For Certificate Of Authority
(a) A foreign corporation may apply for a certificate of authority to transact business in this state by delivering an application to the Secretary of State. The application must set forth:
(1) the name of the foreign corporation or, if its name is unavailable for use in this state, a corporate name that satisfies the requirements of section 1506;
(2) the name of the state or country under whose law it is incorporated;
(3) the date of incorporation and period of duration;
(4) the street address of its principal office;
(5) the address of its registered office in this state and the name of its registered agent at that office;
(6) the names and usual business or home addresses of its current directors and officers;
(7) whether the foreign corporation has members; and
(8) whether the corporation, if it had been incorporated in this state, would be a public benefit, mutual benefit or religious corporation.

(b) The foreign corporation shall deliver with the completed application a certificate of existence (or a document of similar import) duly authenticated by the Secretary of State or other official having custody of corporate records in the state or country under whose law it is incorporated.

SECTION 1504. Amended Certificate Of Authority

(a) A foreign corporation authorized to transact business in this state must obtain an amended certificate of authority from the Secretary of State if it changes:

(1) its corporate name;
(2) the period of its duration; or
(3) the state or country of its incorporation.

(b) The requirements of section 1503 for obtaining an original certificate of authority apply to obtaining an amended certificate under this section.

SECTION 1505. Effect Of Certificate Of Authority

(a) A certificate of authority authorizes the foreign corporation to which it is issued to transact business in this state subject, however, to the right of the state to revoke the certificate as provided in this Act.
(b) A foreign corporation with a valid certificate of authority has the same rights and enjoys the same privileges as and, except as otherwise provided by this Act, is subject to the same duties, restrictions, penalties, and liabilities now or later imposed on, a domestic corporation of like character.

(c) This Act does not authorize this state to regulate the organization or internal affairs of a foreign corporation authorized to transact business in this state.

SECTION 1506. Corporate Name Of Foreign Corporation

(a) If the corporate name of a foreign corporation does not satisfy the requirements of section 401, the foreign corporation, to obtain or maintain a certificate of authority to transact business in this state, may use a fictitious name to transact business in this state if its real name is unavailable and it delivers to the Secretary of State for filing a copy of the resolution of its board of directors, certified by its secretary, adopting the fictitious name.

(b) Except as authorized by subsections (c) and (d), the corporate name (including a fictitious name) of a foreign corporation must be distinguishable upon the records of the Secretary of State from:

1. the corporate name of a nonprofit or business corporation incorporated or authorized to transact business in this state;
2. a corporate name reserved or registered under section 402 or 403 of this Act or section 4-27-402 or 4-27-403; and
3. the fictitious name of another foreign business or nonprofit corporation authorized to transact business in this state.

(c) A foreign corporation may apply to the Secretary of State for authorization to use in this state the name of another corporation (incorporated or authorized to transact business in this state) that is not distinguishable upon the records of the Secretary of State from the name applied for. The Secretary of State shall authorize use of the name applied for if:

1. the other corporation consents to the use in writing and submits an undertaking in form satisfactory to the Secretary of State to change its name to a name that is distinguishable upon the records of the
Secretary of State from the name of the applying corporation; or
(2) the applicant delivers to the Secretary of State a certified copy
of a final judgment of a court of competent jurisdiction establishing
the applicant's right to use the name applied for in this state.
(d) A foreign corporation may use in this state the name (including
the fictitious name) of another domestic or foreign business or nonprofit
corporation that is used in this state if the other corporation is
incorporated or authorized to transact business in this state and the foreign
corporation:
(1) has merged with the other corporation;
(2) has been formed by reorganization of the other corporation; or
(3) has acquired all or substantially all of the assets, including the
  corporate name, of the other corporation.
(e) If a foreign corporation authorized to transact business in this
state changes its corporate name to one that does not satisfy the requirements
of section 401, it shall not transact business in this state under the changed
name until it adopts a name satisfying the requirements of section 401 and
obtains an amended certificate of authority under section 1504.

SECTION 1507. Registered Office And Registered Agent Of Foreign
Corporation
Each foreign corporation authorized to transact business in this state
must continuously maintain in this state:
(1) a registered office with the same address as that of its
  registered agent; and
(2) a registered agent, who may be:
  (i) an individual who resides in this state and whose office is
    identical with the registered office;
  (ii) a domestic business or nonprofit corporation whose office is
    identical with the registered office; or
  (iii) a foreign business or nonprofit corporation authorized to transact
    business in this state whose office is identical with the
    registered office.

SECTION 1508. Change Of Registered Office Or Registered Agent Of
Foreign Corporation

(a) A foreign corporation authorized to transact business in this state may change its registered office or registered agent by delivering to the Secretary of State for filing a statement of change that sets forth:

(1) its name;
(2) the street address of its current registered office;
(3) if the current registered office is to be changed, the street address of its new registered office;
(4) the name of its current registered agent;
(5) if the current registered agent is to be changed, the name of its new registered agent and the new agent's written consent (either on the statement or attached to it) to the appointment; and
(6) that after the change or changes are made, the street addresses of its registered office and the office of its registered agent will be identical.

(b) If a registered agent changes the street address of its business office, the agent may change the address of the registered office of any foreign corporation for which the agent is the registered agent by notifying the corporation in writing of the change and signing (either manually or in facsimile) and delivering to the Secretary of State for filing a statement of change that complies with the requirements of subsection (a) and recites that the corporation has been notified of the change.

SECTION 1509. Resignation Of Registered Agent Of Foreign Corporation

(a) The registered agent of a foreign corporation may resign as agent by signing and delivering to the Secretary of State for filing the original and two exact or conformed copies of a statement of resignation. The statement of resignation may include a statement that the registered office is also discontinued.

(b) After filing the statement, the Secretary of State shall attach the filing receipt to one copy and mail the copy and receipt to the registered office if not discontinued. The Secretary of State shall mail the other copy to the foreign corporation at its principal office address, if known.

(c) The agency is terminated, and the registered office discontinued if so provided, on the 31st day after the date on which the statement was filed.
SECTION 1510. Service On Foreign Corporation

(a) The registered agent of a foreign corporation authorized to transact business in this state is the corporation's agent for service of process, notice, or demand required or permitted by law to be served on the foreign corporation.

(b) A foreign corporation may be served by registered or certified mail, return receipt requested, addressed to the secretary of the foreign corporation at its principal office shown in its application for a certificate of authority if the foreign corporation:

1. has no registered agent or its registered agent cannot with reasonable diligence be served;
2. has withdrawn from transacting business in this state under section 1520; or
3. has had its certificate of authority revoked under section 1531.

(c) Service is perfected under subsection (b) at the earliest of:

1. the date the foreign corporation receives the mail;
2. the date shown on the return receipt, if signed on behalf of the foreign corporation; or
3. five days after its deposit in the United States Mail, as evidenced by the postmark if mailed postpaid and correctly addressed.

(d) This section does not prescribe the only means, or necessarily the required means, of serving a foreign corporation.

SECTION 1520. Withdrawal Of Foreign Corporation

(a) A foreign corporation authorized to transact business in this state may not withdraw from this state until it obtains a certificate of withdrawal from the Secretary of State.

(b) A foreign corporation authorized to transact business in this state may apply for a certificate of withdrawal by delivering an application to the Secretary of State for filing. The application must set forth:

1. the name of the foreign corporation and the name of the state or country under whose law it is incorporated;
2. that it is not transacting business in this state and that it
surrenders its authority to transact business in this state;

(3) that it revokes the authority of its registered agent to accept
service on its behalf and appoints the Secretary of State as its agent
for service of process in any proceeding based on a cause of action
arising during the time it was authorized to do business in this state;

(4) a mailing address to which the Secretary of State may mail a copy
of any process served on him or her under subdivision (3); and

(5) a commitment to notify the Secretary of State in the future of any
change in the mailing address.

(c) After the withdrawal of the corporation is effective, service of
process on the Secretary of State under this section is service on the foreign
corporation. Upon receipt of process, the Secretary of State shall mail a
copy of the process to the foreign corporation at the post office address set
forth in its application for withdrawal.

SECTION 1530. Grounds For Revocation

(a) The Secretary of State may commence a proceeding under section
1531 to revoke the certificate of authority of a foreign corporation
authorized to transact business in this state if:

(1) the foreign corporation does not pay within 120 days after
they are due any franchise taxes or penalties imposed by this Act or other
law;

(2) the foreign corporation is without a registered agent or
registered office in this state for 120 days or more;

(3) the foreign corporation does not inform the Secretary of State
under section 1508 or 1509 that its registered agent or registered
office has changed, that its registered agent has resigned, or that its
registered office has been discontinued within 90 days of the change,
resignation, or discontinuance;

(4) an incorporator, director, officer, or agent of the foreign
corporation signed a document such person knew was false in any material
respect with intent that the document be delivered to the Secretary of
State for filing; or

(5) the Secretary of State received a duly authenticated certificate
from the Secretary of State or other official having custody of
corporate records in the state or country under whose law the foreign

corporation is incorporated stating that it has been dissolved or
disappeared as the result of a merger.

(b) The attorney general may commence a proceeding under section 1531
to revoke the certificate of authority of a foreign corporation authorized to
transact business in this state if:

(1) the corporation has continued to exceed or abuse the authority
conferred upon it by law; or

(2) the corporation would have been a public benefit corporation had
it been incorporated in this state and that its corporate assets in this
state are being fraudulently misapplied or wasted.

SECTION 1531. Procedure And Effect Of Revocation

(a) The Secretary of State upon determining that one or more grounds
exist under section 1530 for revocation of a certificate of authority shall
serve the foreign corporation with written notice of that determination under
section 1510.

(b) The attorney general upon determining that one or more grounds
exist under section 1530(b) for revocation of a certificate of authority shall
request the Secretary of State to serve, and the Secretary of State shall
serve the foreign corporation with written notice of that determination under
section 1510.

(c) If the foreign corporation does not correct each ground for
revocation or demonstrate to the reasonable satisfaction of the Secretary of
State that each ground for revocation determined by the Secretary of State
does not exist within 60 days after service of the notice is perfected under
section 1510, the Secretary of State may revoke the foreign corporation's
certificate of authority by signing a certificate of revocation that recites
the ground or grounds for revocation and its effective date. The Secretary of
State shall file the original of the certificate and serve a copy on the
foreign corporation under section 1510.

(d) The authority of a foreign corporation to transact business in
this state ceases on the date shown on the certificate revoking its
certificate of authority.

(e) The Secretary of State's revocation of a foreign corporation's
certificate of authority appoints the Secretary of State the foreign corporation's agent for service of process in any proceeding based on a cause of action that arose during the time the foreign corporation was authorized to transact business in this state. Service of process on the Secretary of State under this subsection is service on the foreign corporation. Upon receipt of process, the Secretary of State shall mail a copy of the process to the secretary of the foreign corporation at its principal office shown in its application for a certificate of authority or in any subsequent communications received from the corporation stating the current mailing address of its principal office.

(f) Revocation of a foreign corporation's certificate of authority does not terminate the authority of the registered agent of the corporation.

SECTION 1532. Appeal From Revocation

(a) A foreign corporation may appeal the Secretary of State's revocation of its certificate of authority to the Chancery Court of Pulaski County within 30 days after the service of the certificate of revocation is perfected under section 1510. The foreign corporation appeals by petitioning the court to set aside the revocation and attaching to the petition copies of its certificate of authority and the Secretary of State's certificate of revocation.

(b) The court may summarily order the Secretary of State to reinstate the certificate of authority or may take any other action the court considers appropriate.

(c) The court's final decision may be appealed as in other civil proceedings.

SECTION 1701. Application To Existing Domestic Corporations

All provisions of this chapter shall apply to all domestic corporations incorporated on or after its effective date as specified in section 1706. A corporation incorporated prior to such effective date under any general statute of this state providing for incorporation of nonprofit corporations may elect to be governed by the provisions of this chapter by amending its articles of incorporation to provide that it shall be so governed. Such election may be made at any time on or after midnight, December 31, 1993, but
once made shall be irrevocable. The amendment to the articles of
incorporation effecting such election must be approved by the affirmative vote
of at least two-thirds (2/3) of the members of the corporation or if such
corporation has no members, by the affirmative vote of at least two-thirds
(2/3) of the directors of the corporation. Domestic corporations existing
prior to midnight, December 31, 1993, which do not elect to be governed by its
provisions shall continue to be governed by pre-existing law. Except for any
applicable corporate franchise tax laws or any applicable income tax exemption
laws referenced herein, nothing in this act shall be deemed to apply to
domestic corporations or associations regulated by the Insurance Commissioner
under Title 23 of the Arkansas Code or related laws as non-profit corporations
including but not limited to hospital or medical service corporations, health
maintenance organizations, and fraternal benefit societies.

SECTION 1702. Application To Qualified Foreign Corporations

A foreign corporation authorized to transact business in this state on
the effective date of this Act is subject to this Act but is not required to
obtain a new certificate of authority to transact business under this Act.
Except for any applicable corporate franchise tax laws or any applicable
income tax exemption laws referenced herein, nothing in this act shall be
deemed to apply to foreign corporations and associations regulated by the
Insurance Commissioner under Title 23 of the Arkansas Code or related laws as
non-profit foreign corporations including but not limited to foreign hospital
or medical service corporations, health maintenance organizations, and
fraternal benefit societies.

SECTION 1703. Saving Provisions

(a) Except as provided in subsection (b), the repeal of a statute by
this Act does not affect:

(1) the operation of the statute or any action taken under it before
its repeal;

(2) any ratification, right, remedy, privilege, obligation, or
liability acquired, accrued, or incurred under the statute before its
repeal;

(3) any violation of the statute or any penalty, forfeiture, or
punishment incurred because of the violation, before its repeal;
(4) any proceeding, reorganization, or dissolution commenced under the
statute before its repeal, and the proceeding, reorganization, or
dissolution may be completed in accordance with the statute as if it had
not been repealed; or
(5) any meeting of members or directors or action by written consent
noticed or any action taken before its repeal as a result of a meeting
of members or directors or action by written consent.
(b) If a penalty or punishment imposed for violation of a statute
repealed by this Act is reduced by this Act, the penalty or punishment if not
already imposed shall be imposed in accordance with this Act.

SECTION 1704. Severability
If any provision of this Act or its application to any person or
circumstance is held invalid by a court of competent jurisdiction, the
invalidity does not affect other provisions or applications of the Act that
can be given effect without the invalid provision or application, and to this
end the provisions of the Act are severable.

SECTION 1705. Effective Date
This Act takes effect January 1, 1994.

SECTION 1706. Public Benefit, Mutual Benefit And Religious Corporations
Upon electing to be governed by the provisions of this Act, each
domestic corporation existing on the effective date of this Act that becomes
subject to this Act shall be designated as a public benefit, mutual benefit or
religious corporation as follows:
(1) Any corporation designated by statute as a public benefit
corporation, a mutual benefit corporation or a religious
corporation is the type of corporation designated by statute;
(2) Any corporation that does not come within subsection (1) but is
organized primarily or exclusively for religious purposes is a religious
corporation;
(3) Any corporation that does not come within subsection (1) or (2)
but that is recognized as exempt under section 501(c)(3) of the Internal
Revenue Code, or any successor section, is a public benefit corporation;
(4) Any corporation that does not come within subsection (1), (2), or
(3), but that is organized for a public or charitable purpose and that
upon dissolution must distribute its assets to a public benefit
 corporation, the United States, a state or a person that is recognized
as exempt under section 501(c)(3) of the Internal Revenue Code, or any
successor section, is a public benefit corporation; and
(5) Any corporation that does not come within subsection (1), (2),
(3), or (4) is a mutual benefit corporation.

SECTION 1801. Corporate Authority
Arkansas Code 4-28-209(5) is amended to read as follows:
(5) To make contracts and incur liabilities; borrow money; issue its notes,
bonds, and other obligations; to act as a trustee; and secure any of its
obligations by mortgage or pledge of all or any of its property,
franchises and income;

SECTION 1802. Arkansas Code 23-42-102(2) is amended to read as follows:
"(2) 'Agent' means any individual, other than a broker-dealer, who
represents a broker-dealer or issuer in effecting or attempting to effect
purchases or sales of securities.
(A) 'Agent' does not include an individual who represents an issuer in:
(i) Effecting transactions in a security exempted by §
23-42-503(a)(1)-(5), (9), (10), or (11), and any other transactions in a
security exempted by other clauses of § 23-42-503 which the commissioner may
by rule or order prescribe;
(ii) Effecting transactions exempted by § 23-42-504 unless otherwise
required by § 23-42-504; or
(iii) Effecting transactions with existing employees, partners, or
directors of the issuer if no commission or other remuneration is paid or
given directly or indirectly for soliciting any person in this state.
(B) A partner, officer, or director of a broker-dealer or issuer, or a
person occupying a similar status or performing similar functions, is an agent
only if he otherwise comes within this definition"
SECTION 1803.  Statutory Life Insurance Beneficiaries

Arkansas Code 4-28-103 is amended by inserting an additional subsection at the end thereof to read as follows:

(d) Notwithstanding any other law or regulation to the contrary, any religious, educational, charitable or benevolent institution, organization, corporation, association or trust (including but not limited to charitable remainder trusts) may be named beneficiary and/or owner of the policy or contract by any applicant for insurance upon his or her own life in any policy of life insurance issued by any life insurance company authorized to do business in this state or in the state of domicile of the applicant for insurance. The applicant for insurance shall be deemed to have an unlimited insurable interest in his or her own life and is entitled to name any of said institutions as beneficiary of such insurance, and said beneficiaries and/or owners shall have the right to receive all death benefits provided for by such policy and to exercise the rights of ownership if granted same. As to any life insurance policies heretofore issued by insurers naming any of the aforementioned institutions as beneficiaries and/or owners, if the applicant for insurance was also the insured, said beneficiaries and/or owners shall be entitled to receive all death benefits provided by the policy and to exercise the rights of ownership if granted same.

SECTION 1804.  Income Tax

Arkansas Code 26-51-303 is amended to read as follows:

(a) The following organizations shall be exempt from taxation under this act:

(1) Fraternal benefit societies, orders, or associations:

(A) Operating under the lodge system or for the exclusive benefit of the members of a fraternity itself operating under the lodge system; and

(B) Providing for the payment of life, sick, accident, or other benefits to the members of such society, order, or association or their dependents;

(2) Domestic life and disability insurance companies and foreign insurance companies;

(3) Cemetery corporations;
(4) Business leagues, chambers of commerce, or boards of trade not
organized for profit and no part of the net earnings of which inures to
the benefit of any private stockholders or individuals;
(5) Civic leagues or organizations not organized for profit but
operated exclusively for the promotion of social welfare;
(6) Farmers or other mutual hail, cyclone, or fire insurance
companies, or other domestic insurance companies writing lines of
insurance other than those specified in subdivisions (1) and (2) of this
section, mutual ditch or irrigation companies, mutual or cooperative
telephone companies, or like organizations of a purely local character,
but only if eighty-five percent (85%) or more of the income of the
organization consists solely of assessments, dues, and fees collected
from members for the sole purpose of meeting losses and expenses;
(7) Farmers, fruit growers, or like organizations organized and
operated as sales agent for the purpose of marketing the products of
members and turning back to them the proceeds of sales, less the
necessary selling expenses, on the basis of the quantity of produce
furnished by them;
(8) Labor, agricultural, or horticultural organizations, no part of
the net earnings of which inures to the benefit of any private
stockholder or member;
(9) Corporations, trusts, and any community chest, fund, or
foundation, organized and operated exclusively for religious,
charitable, scientific, literary, or educational purposes, or for the
prevention of cruelty to children or animals, no part of the net
earnings of which inures to the benefit of any private shareholder or
individual, no substantial part of the activities of which is carrying
on propaganda, or otherwise attempting to influence legislation, and
which does not participate in, or intervene in (including the publishing
or distributing of statements), any political campaign on behalf of (or
in opposition to) any candidate for public office.
(b) Every organization claiming exemption under this Act shall notify
the Revenue Division, Department of Finance and Administration, State of
Arkansas of its exempt status. Each such organization shall provide such
additional information as the Revenue Division also shall reasonably require.
for verification of the organization's exempt status; provided, however, that
any organization which is determined to be exempt from income taxation under
the provisions of the Internal Revenue Code of 1986 for any one or more of the
purposes set forth in section (a) above shall verify its exempt status
hereunder by delivery to the Revenue Division of a copy of the document
declaring its exempt status under the Internal Revenue Code of 1986.

SECTION 1805. Charitable Remainder Trusts

Section 664 of Title 26 of the United States Code as in effect on
January 1, 1993, and the regulations of the Secretary of the Treasury
promulgated thereunder and in effect on January 1, 1993, are adopted for the
purpose of computing tax liability of charitable remainder trusts and their
beneficiaries under the Arkansas income tax act of 1929, as amended, § 26-51-101 et seq. Furthermore, any other provisions of the federal income tax law
and regulations are necessary for interpreting and implementing 26 USC § 664
are adopted to the extent as in effect on January 1, 1993.

SECTION 1806. Arkansas Code 23-63-201 is hereby amended to add new
subsection (d) at the end of the section to read as follows:

"(d)(1) The Commissioner may, in his reasonable discretion guided by
the standards herein contained and consistent with the purpose hereinafter set
forth, issue a special permit to make fixed dollar life only annuity
agreements with donors to any duly organized domestic or foreign non-stock
corporation or association conducted without profit and engaged in active
operation for at least five (5) years prior thereto solely in bona fide
charitable, religious, missionary, educational or philanthropic activities.
The Commissioner may approve the issuance of a permit to such a corporation or
association that has not itself been engaged in active operation for five (5)
years if he is reasonably satisfied that such entity is affiliated with a
corporation or association of this description that has been in operation for
such period and that there is readily available to the entity requesting the
permit an adequate level of management expertise. The permit shall authorize
such corporation or association to receive gifts of money conditioned upon, or
in return for, its agreement to pay an annuity to the donor, or his nominee,
and to make and carry out such annuity agreement. Every such corporation or
association shall, before making such agreements, file with the Commissioner for his approval either:

(i) a schedule of its maximum annuity rates which shall be computed on the basis of the annuity standard adopted by it for calculating its reserves; or

(ii) a statement certifying that it adopts and will adhere to the annuity rates as published from time to time by the Committee on Gift Annuities of Dallas, Texas, or its successor, until such corporation or association advises the Commissioner to the contrary in writing. At such latter time the corporation or association shall then file a schedule of its new proposed maximum annuity rates for approval. Filings and approvals required herein shall be subject to the provisions of Arkansas Code §§23-79-109 and 23-19-110.

(2) Each such domestic corporation or association shall maintain reserves with respect to the annuity or income stream which it has agreed to pay to a charitable donor either by:

(i) calculation of such reserves upon the obligation of the permittee to the donor annuitant in the manner set forth at A.C.A. §23-84-106 and the sections therein incorporated; or

(ii) Segregating and maintaining in a separate account or accounts reserves in an amount equal to the aggregate values (determined at the dates of contribution) of all assets received from donors with respect to annuities for annuitants who are then living; provided that such reserves shall be invested in securities meeting the requirements of A.C.A. §§ 22-63-801 - 23-63-833; 23-63-835; 23-63-839; and 23-63-840; and provided further that

(3) Each such domestic corporation or association maintaining reserves in the manner described at A.C.A. §23-84-104, et seq. shall maintain net admitted assets at least equal to the greater of (i) the sum of its reserves on its outstanding agreements, calculated in accordance with §23-84-104, and a surplus of ten percent (10%) of such reserves; or (ii) the amount of fifty thousand dollars ($50,000). Each such domestic corporation or association maintaining reserves in the manner described at subdivision 2(b) hereof shall maintain net admitted assets at least equal to the amount of said reserves. In determining reserves a deduction shall be made for all or any portion of an
annuity risk which is reinsured by a life insurance company authorized to do
business in this state. The required admitted assets shall be invested only
in securities permitted by the provisions of §§23-63-801 - 23-63-833; 23-63-
835; 23-63-839; and 23-63-840.

(4) No such corporation or association organized under the laws of
another state shall be permitted to make such annuity agreements in this state
unless it complies with all requirements of this subsection (d) imposed upon
like domestic corporations or associations, except it may invest its reserves
and surplus funds in securities permitted by the laws of the state of
domicile.

(5) No such corporation or association shall make or issue in this
state any annuity contract before obtaining a permit issued in accordance with
the provisions of this subsection. If the Commissioner finds, after notice
and hearing, that any such corporation or association, having such a permit,
has failed to comply with the requirements of this subsection, he may revoke
or suspend such permit, or order the permittee to cease making new annuity
contracts until it complies. All such corporations or associations shall be
required to file an annual financial statement of their operations and
accounts and schedule of outstanding annuities with reserves applicable
thereto within ninety (90) days of the end of their fiscal year. Such report
is to be prepared by a Certified Public Accountant in accordance with
generally accepted accounting principles detailing the financial condition and
status of the corporation or association as of the just concluded fiscal year;
the Commissioner may, in his reasonable discretion, either dispense with the
requirement of annual statements by such corporations or associations or
accept a sworn statement by two (2) or more of its principal officers in such
form as will satisfy the Commissioner that the requirements of this section
are being met.

(6) Purpose. This subsection (d) is added to provide a formalized
system whereby established not-for-profit corporations and foundations may,
for purposes consistent with their charitable charge, grant or issue annuities
upon an agreed basis with charitable donors. It is for the further purpose of
providing assurance that not-for-profit corporations or associations indulging
in this type of insurance activity maintain at least minimal reserves to
assure charitable donors that the income stream for which they bargained is,
in fact, available to them."

SECTION 1807. Arkansas Code 23-42-503(a) is amended to read as follows:

"(a) The following securities are exempted from §§ 23-42-501 and 23-42-502:

(1) (A) Any security, including a revenue obligation, issued or guaranteed by the United States, any state, any political subdivision of a state, or any agency or corporate or other instrumentality of one (1) or more of the foregoing, or any certificate of deposit for any of the foregoing;

(B) Any securities that are offered and sold pursuant to Section 4(5) of the Securities Act of 1933 or that are "mortgage related securities" as that term is defined in section 3(a)(41) of the Securities Exchange Act of 1934 are not securities exempt from registration under this section in the same manner as obligations issued or guaranteed as to principal and interest by the United States or any agency or instrumentality thereof. These instruments, commonly referred to as private mortgage-backed securities, may be exempt from the registration requirements of this chapter provided that the transaction or the securities are otherwise exempt under this section. This provision specifically overrides the preemption of state law contained in section 106(c) of the Secondary Mortgage Market Enhancement Act of 1984, Public Law 98-440, of the United States;

(2) Any security issued or guaranteed by Canada, any Canadian province, any political subdivision of any Canadian province, any agency or corporate or other instrumentality of one (1) or more of the foregoing, or by any other foreign government with which the United States currently maintains diplomatic relations, if the security is recognized as a valid obligation by the issuer or guarantor;

(3) Any security issued by and representing an interest in or a debt of any bank organized under the laws of the United States, or any federally insured savings bank, or any bank, savings institution, or trust company organized and supervised under the laws of any state, or any bank holding company regulated under the Bank Holding Company Act of 1956, as amended;

(4) Any security issued by and representing an interest in or a debt of any state or federal savings and loan association, or any federally insured savings bank, or any building and loan or similar association organized under..."
the laws of any state and authorized to do business in this state, or any
savings and loan holding company regulated by the Federal Savings and Loan
Insurance Corporation;

(5) Any security issued by any federal credit union or any credit union,
industrial loan association, or similar association organized and supervised
under the laws of this state;

(6) Any security issued or guaranteed by any railroad, other common
carrier, public utility, or holding company which is:
(A) Subject to the jurisdiction of the Interstate Commerce Commission;
(B) A registered holding company under the Public Utility Holding
Company Act of 1935 or a subsidiary of such a company within the meaning of
that act;
(C) Regulated in respect of its rates and charges by a governmental
authority of the United States or any state; or
(D) Regulated in respect of the issuance or guarantee of the security
by a governmental authority of the United States, any state, Canada, or any
Canadian province;

(7)(A) Any security listed or approved for listing upon notice of
issuance on the New York Stock Exchange, the American Stock Exchange, the
Midwest Stock Exchange, or any other stock exchange approved by the
commissioner;
(B) Any security listed or designated, or approved for listing or
designation upon notice of issuance, on an interdealer quotation system, if
such interdealer quotation system has adopted the criteria for listing or
designation as set forth in Securities Act Release No. 6810 (Dec. 16, 1988);
53 Federal Register 52550 (December 28, 1988); provided, however, that the
commissioner shall have authority, after notice and hearing, to terminate this
exemption as to a system upon written findings of fact and conclusions of law
which are subject to judicial review, that the listing or designation
standards have been so changed or insufficiently applied that the protection
to investors contemplated by the exemption no longer exists;
(C) Any other security of an issuer exempt under subdivision (a)(7)(A)
or (B) of this section which is of senior or substantially equal rank;
(D) Any security called for by subscription rights or warrants listed
or approved pursuant to subdivision (a)(7)(A) or (B) of this section;
(E) Any warrant or right to purchase or subscribe to any of the 
foregoing;

(8) Any security issued by any person organized and operated not for 
private profit but exclusively for religious, educational, benevolent, 
charitable, fraternal, social, athletic, or reformatory purposes, or as a 
chamber of commerce or trade or professional association;

(9) Any commercial paper which arises out of a current transaction or the 
proceeds of which have been or are to be used for current transactions, and 
which evidences an obligation to pay cash within nine (9) months of the date 
of issuance, exclusive of days of grace, or any renewal of the paper which is 
likewise limited, or any guarantee of the paper or of the renewal;

(10) Any investment contract or other security issued in connection with 
an employees' stock purchase, savings, pension, profit sharing, stock bonus, 
stock option, or similar benefit plan if, in the case of plans which do not 
meet the requirements for qualification under the United States Internal 
Revenue Code, there is filed with the commissioner prior to any offer or sale 
a notice specifying the terms of the plan and the commissioner does not by 
order disallow the exemption within ten (10) days;

(11) Any annuity contract issued by any not-for-profit corporation as 
defined in Arkansas Code Annotated Section 4-28-202 and Section 140(6) of this 
act under a permit issued by the Insurance Department of the State of 
Arkansas; and

(12) Any security as to which the commissioner by rule or order finds 
that registration is not necessary or appropriate in the public interest or 
for the protection of investors."

SECTION 1808. All provisions of this act of a general and permanent 
nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas 
Code Revision Commission shall incorporate the same in the Code.

SECTION 1809. All laws and parts of laws in conflict with this act are 
hereby repealed.

/s/ Senator Harriman

APPROVED: 4/14/93