

**SENATE BILL NO. 2266  
with House Amendments  
SENATE BILL NO. 2266**

Sixty-third  
Legislative Assembly  
of North Dakota

Introduced by

Senators Hogue, Andrist, Armstrong, Burckhard, Grabinger

Representative Glasheim

1 A BILL for an Act to amend and reenact sections 10-06.1-17 and 10-15-05, subsection 2 of  
2 section 10-15-12, section 10-19.1-01, subsection 1 of section 10-19.1-10, sections 10-19.1-17  
3 and 10-19.1-115, subsection 2 of section 10-19.1-146, subsection 1 of section 10-32-07, section  
4 10-32-14, subsection 1 of section 10-33-06, section 10-33-14, subsection 3 of section 10-34-04,  
5 and subsection 2 of section 10-35-28 of the North Dakota Century Code, relating to cooperative  
6 association of articles of incorporation and address of the principal office, business corporation  
7 definitions, articles of incorporation, amendment of articles of incorporation, involuntary  
8 dissolution, limited liability company articles of organization and amendment of the articles of  
9 organization, nonprofit corporation articles of incorporation and amendment of articles of  
10 incorporation, and contents of the registration a real estate investment trust.

11 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

12 **SECTION 1. AMENDMENT.** Section 10-06.1-17 of the North Dakota Century Code is  
13 amended and reenacted as follows:

14 **10-06.1-17. Annual report - Contents - Filing requirements.**

15 Before April sixteenth of each year, every corporation engaged in farming or ranching after  
16 June 30, 1981, and every limited liability company engaged in farming or ranching shall file with  
17 the secretary of state an annual report signed as provided in subsection ~~53~~54 of section  
18 10-19.1-01 if a corporation and subsection 58 of section 10-32-02 if a limited liability company. If  
19 the corporation or limited liability company is in the hands of a receiver or trustee, it must be  
20 signed on behalf of the corporation or limited liability company by the receiver or trustee. An  
21 annual report in a sealed envelope postmarked by the United States postal service before the  
22 date provided in this section or an annual report in a sealed packet with a verified shipment date  
23 by any other carrier service before the date provided in this section meets the filing date

1 requirement. An annual report must include the following information with respect to the  
2 preceding calendar year:

- 3 1. The name of the corporation or limited liability company.
- 4 2. The name of the registered agent of the corporation or limited liability company as  
5 provided in chapter 10-01.1 and, if a noncommercial registered agent, the address of  
6 the registered office of the corporation or limited liability company in this state.
- 7 3. With respect to each corporation:
  - 8 a. A statement of the aggregate number of shares the corporation has authority to  
9 issue, itemized by classes, par value of shares, shares without par value, and  
10 series, if any, within a class.
  - 11 b. A statement of the aggregate number of issued shares, itemized by classes, par  
12 value of shares, shares without par value, and series, if any, within a class.
- 13 4. With respect to each shareholder or member:
  - 14 a. The name and address of each, including the names and addresses and  
15 relationships of beneficiaries of trusts and estates which own shares or  
16 membership interests;
  - 17 b. The number of shares or membership interests or percentage of shares or  
18 membership interests owned by each;
  - 19 c. The relationship of each;
  - 20 d. A statement of whether each is a citizen or permanent resident alien of the United  
21 States; and
  - 22 e. A statement of whether at least one is an individual residing on or operating the  
23 farm or ranch.
- 24 5. With respect to management:
  - 25 a. If a corporation, then the names and addresses of the officers and members of  
26 the board of directors; or
  - 27 b. If a limited liability company, then the names and addresses of the managers and  
28 members of the board of governors.
- 29 6. A statement listing the acreage [hectarage] and location listed by section, township,  
30 range, and county of all land in the state owned or leased by the corporation or limited  
31 liability company and used for farming or ranching. The statement must also designate

1           which, if any, of the acreage [hectarage] is leased from or jointly owned with any  
2           shareholder or member and list the name of the shareholder or member with that  
3           acreage [hectarage].

4           7. A statement of the percentage of the annual average gross income of the corporation  
5           or limited liability company which has been derived from farming or ranching  
6           operations over the previous five years or for each year of existence if less than five  
7           years.

8           8. A statement of the percentage of gross income of the corporation or limited liability  
9           company derived from nonfarm rent, nonfarm royalties, dividends, interest, and  
10          annuities during the period covered by the report.

11          9. A corporation engaged in farming which fails to file an annual report is subject to the  
12          penalties provided in section 10-19.1-147 except that the penalties must be calculated  
13          from the date of the report required by this section.

14          10. A limited liability company engaged in farming which fails to file an annual report is  
15          subject to the penalties provided in subsections 5 and 6 of section 10-32-149 except  
16          that the penalties must be calculated from the date of the report required by this  
17          section.

18          **SECTION 2. AMENDMENT.** Section 10-15-05 of the North Dakota Century Code is  
19          amended and reenacted as follows:

20          **10-15-05. Articles - Provisions.**

21          The articles of association shall set forth:

22          1. The name of the cooperative.

23          2. The period of existence, unless perpetual. Cooperatives now organized under the  
24          provisions of chapter 4-07 or 10-15 are granted perpetual existence irrespective of the  
25          period of existence set forth in articles of incorporation. Any such cooperative may  
26          nevertheless amend its articles to provide for a limited period of existence.

27          3. The purposes for which organized. It is sufficient to state that the cooperative may  
28          engage in any activity within the purposes for which cooperatives may be organized,  
29          and all such activities shall then be deemed within its purposes, subject to express  
30          limitations.

31          4. Whether the cooperative is organized with or without capital stock.

- 1        5.    The designation of classes of members, if more than one.
- 2        6.    The number and par value of shares of each authorized class of stock. If more than
- 3                one class is authorized, the designation, preferences, limitations, and relative rights of
- 4                each class shall also be set forth.
- 5        7.    Which classes of stock are membership stock.
- 6        8.    As to each class of stock, the rate of dividend, or that the rate of dividend may be fixed
- 7                by the board, or that no dividend will be paid.
- 8        9.    Any reservation of a right to acquire or recall any stock.
- 9        10.   The basis of distribution of assets in the event of liquidation.
- 10       11.   The complete address ~~in this state~~ where the cooperative's principal office is to be
- 11                located ~~or the name and complete address in this state of the cooperative's registered~~
- 12                agent.
- 13       12.   If the address of the principal office is not located in North Dakota, the name and
- 14                complete address in this state of the cooperative's registered agent.
- 15       13.   The name and address of each incorporator.
- 16       ~~13.~~14.   The names and addresses of at least five incorporators who will act as the temporary
- 17                board.
- 18       ~~14.~~15.   The effective date of the cooperative if a later date than that on which the certificate of
- 19                association is issued by the secretary of state. A later effective date may not be later
- 20                than ninety days after the date on which the certificate of association is issued.

21        **SECTION 3. AMENDMENT.** Subsection 2 of section 10-15-12 of the North Dakota Century  
22 Code is amended and reenacted as follows:

- 23        2.    The board may establish a registered agent and address of the registered agent or
- 24                change the location of the principal office by causing a statement in writing to be filed
- 25                as an amendment to the articles as provided in section 10-15-53 or, if only a change of
- 26                address of the principal office is required, an amendment need not be filed; however,
- 27                the change of address of the principal office must then be reported on the annual
- 28                report filed after the change. Such if a written statement is filed, the statement shall set
- 29                forth the name of the cooperative, the name and address of the registered agent as
- 30                established, and the location of its principal office as ~~established or~~ changed. For the
- 31                purposes of this chapter, the post-office address of an existing cooperative becoming

1 subject to this chapter, as set forth in the articles for its business office, shall be  
2 considered its registered office and the secretary of the cooperative shall be  
3 considered its registered agent unless the articles are amended otherwise.

4 **SECTION 4. AMENDMENT.** Section 10-19.1-01 of the North Dakota Century Code is  
5 amended and reenacted as follows:

6 **10-19.1-01. Definitions.**

7 For purposes of this chapter, unless the context otherwise requires:

- 8 1. "Acquiring corporation" means the domestic or foreign corporation that acquires the  
9 shares of a corporation in an exchange.
- 10 2. "Acquiring organization" means the foreign or domestic organization acquiring the  
11 ownership interests of another foreign or domestic organization participating in an  
12 exchange.
- 13 3. "Address" means:
  - 14 a. In the case of a registered office or principal executive office, the mailing address,  
15 including the zip code, of the actual office location, which may not be only a  
16 post-office box; and
  - 17 b. In any other case, the mailing address, including the zip code.
- 18 4. "Articles" means:
  - 19 a. In the case of a corporation incorporated under or governed by this chapter,  
20 articles of incorporation, articles of amendment, a resolution of election to  
21 become governed by this chapter, a demand retaining the two-thirds majority for  
22 shareholder approval of certain transactions, a statement of change of registered  
23 office, registered agent, or name of registered agent, a statement establishing or  
24 fixing the rights and preferences of a class or series of shares, a statement of  
25 cancellation of authorized shares, articles of merger, articles of abandonment,  
26 articles of conversion, and articles of dissolution.
  - 27 b. In the case of a foreign corporation, the term includes all records serving a similar  
28 function required to be filed with the secretary of state or other officer of the state  
29 of incorporation of the foreign corporation.
- 30 5. "Authenticated electronic communication" means:
  - 31 a. That the electronic communication is delivered:

- 1                   (1) To the principal place of business of the corporation; or
- 2                   (2) To an officer or agent of the corporation authorized by the corporation to
- 3                   receive the electronic communication; and
- 4           b. That the electronic communication sets forth information from which the
- 5                   corporation can reasonably conclude that the electronic communication was sent
- 6                   by the purported sender.
- 7           6. "Ballot" means a written ballot or a ballot transmitted by electronic communications.
- 8           7. "Board" or "board of directors" means the board of directors of a corporation.
- 9           8. "Board member" means:
- 10           a. An individual serving on the board of directors in the case of a corporation; and
- 11           b. An individual serving on the board of governors in the case of a limited liability
- 12                   company.
- 13           9. "Bylaws" means the code adopted for the regulation or management of the internal
- 14                   affairs of a corporation, regardless of how that code is designated.
- 15           10. "Class", when used with reference to ownership interests, means a category of
- 16                   ownership interests that differs in designation or one or more rights or preferences
- 17                   from another category of ownership interests of the organization.
- 18           11. "Closely held corporation" means a corporation that does not have more than
- 19                   thirty-five shareholders.
- 20           12. "Constituent corporation" means a corporation or a foreign corporation that:
- 21           a. In a merger, is either the surviving corporation or a foreign or domestic
- 22                   corporation that is merged into the surviving organization; or
- 23           b. In an exchange, is either the acquiring corporation or a foreign or domestic
- 24                   corporation whose shares are acquired by the acquiring organization.
- 25           13. "Constituent organization" means an organization that:
- 26           a. In a merger, is either the surviving organization or an organization that is merged
- 27                   into the surviving organization; or
- 28           b. In an exchange, is either the acquiring organization or an organization whose
- 29                   securities are acquired by the acquiring organization.
- 30           14. "Converted organization" means the organization into which a converting organization
- 31                   converts pursuant to sections 10-19.1-104.1 through 10-19.1-104.6.

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- 1       15. "Converting organization" means an organization that converts into another  
2           organization pursuant to sections 10-19.1-104.1 through 10-19.1-104.6.
- 3       16. "Corporation" or "domestic corporation" means a corporation, other than a foreign  
4           corporation, organized for profit and incorporated under or governed by this chapter.
- 5       17. "Director" means a member of the board.
- 6       18. "Distribution" means a direct or indirect transfer of money or other property, other than  
7           its own shares, with or without consideration, or an incurrence or issuance of  
8           indebtedness, by a corporation to any of its shareholders in respect of its shares, and  
9           may be in the form of a dividend, an interim distribution, or a distribution in liquidation,  
10          or as consideration for the purchase, redemption, or other acquisition of its shares, or  
11          otherwise.
- 12       19. "Division" or "combination" means dividing or combining shares of a class or series,  
13          whether issued or unissued, into a greater or lesser number of shares of the same  
14          class or series.
- 15       20. "Domestic organization" means an organization created under the laws of this state.
- 16       21. "Electronic" means relating to technology having electrical, digital, magnetic, wireless,  
17          optical, electromagnetic, or similar capabilities.
- 18       22. "Electronic communication" means any form of communication, not directly involving  
19          the physical transmission of paper that:
- 20           a. Creates a record that may be retained, retrieved, and reviewed by a recipient of  
21              the communication; and
- 22           b. May be directly reproduced in paper form by the recipient through an automated  
23              process.
- 24       23. "Electronic record" means a record created, generated, sent, communicated, received,  
25          or stored by electronic means.
- 26       24. "Electronic signature" means an electronic sound, symbol, or process attached to or  
27          logically associated with a record and signed or adopted by a person with the intent to  
28          sign the record.
- 29       25. "Filed with the secretary of state" means, except as otherwise permitted by law or rule:
- 30           a. That a record meeting the applicable requirements of this chapter, together with  
31              the fees provided in section 10-19.1-147, was delivered or communicated to the

- 1                    secretary of state by a method or medium of communication acceptable by the  
2                    secretary of state and was determined by the secretary of state to conform to law.
- 3            b.    That the secretary of state did then:
- 4                    (1)   Record the actual date on which the record was filed, and if different the  
5                    effective date of filing; and  
6                    (2)   Record the record in the office of the secretary of state.
- 7            26.   "Foreign corporation" means a corporation organized for profit which is incorporated  
8                    under laws other than the laws of this state for a purpose for which a corporation may  
9                    be incorporated under this chapter.
- 10           27.   "Foreign limited liability company" means a limited liability company organized under  
11                    laws other than the laws of this state for a purpose for which a limited liability company  
12                    may be organized under chapter 10-32.
- 13           28.   "Foreign organization" means an organization created under laws other than the laws  
14                    of this state for a purpose for which an organization may be created under the laws of  
15                    this state.
- 16           29.   "Good faith" means honesty in fact in the conduct of an act or transaction.
- 17           30.   "Governing body" means for an organization that is:
- 18                    a.    A corporation, its board of directors;  
19                    b.    A limited liability company, its board of governors; or  
20                    c.    Any other organization, the body selected by its owners that has the ultimate  
21                    power to determine the policies of the organization and to control its policies.
- 22           31.   "Governing statute" of an organization means:
- 23                    a.    With respect to a domestic organization, the following chapters of this code which  
24                    govern the internal affairs of the organization:
- 25                    (1)   If a corporation, then this chapter;  
26                    (2)   If a limited liability company, then chapter 10-32;  
27                    (3)   If a general partnership, then chapters 45-13 through 45-21;  
28                    (4)   If a limited partnership, then chapter 45-10.2;  
29                    (5)   If a limited liability partnership, then chapter 45-22; and  
30                    (6)   If a limited liability limited partnership, then chapter 45-23; and



- 1           b. With respect to a foreign organization, the laws of the jurisdiction under which the  
2           organization is created and under which the internal affairs of the organization  
3           are governed.
- 4       32. "Intentionally" means that the person referred to has a purpose to do or fail to do the  
5       act or cause the result specified or believes that the act or failure to act, if successful,  
6       will cause that result. A person "intentionally" violates a statute:
- 7           a. If the person intentionally does the act or causes the result prohibited by the  
8           statute; or
- 9           b. If the person intentionally fails to do the act or cause the result required by the  
10          statute, even though the person may not know of the existence or  
11          constitutionality of the statute or the scope or meaning of the terms used in the  
12          statute.
- 13       33. "Legal representative" means a person empowered to act for another person,  
14       including an agent, a manager, an officer, a partner, or an associate of an  
15       organization; a trustee of a trust; a personal representative; a trustee in bankruptcy;  
16       and a receiver, guardian, custodian, or conservator.
- 17       34. "Limited liability company" or "domestic limited liability company" means a limited  
18       liability company, other than a foreign limited liability company, organized under or  
19       governed by chapter 10-32.
- 20       35. "Nonprofit corporation" means a corporation, whether domestic or foreign,  
21       incorporated under or governed by chapter 10-33.
- 22       36. "Notice":
- 23           a. Is given by a shareholder of a corporation to the corporation or an officer of the  
24           corporation:
- 25               (1) When in writing and mailed or delivered to the corporation or the officer at  
26               the registered office or principal executive office of the corporation; or
- 27               (2) When given by a form of electronic communication consented to by the  
28               corporation to which the notice is given if by:
- 29                   (a) Facsimile communication, when directed to a telephone number at  
30                   which the corporation has consented to receive notice.

- 1 (b) Electronic mail, when directed to an electronic mail address at which  
2 the corporation has consented to receive notice.
- 3 (c) Posting on an electronic network on which the corporation has  
4 consented to receive notice, together with separate notice to the  
5 corporation of the specific posting, upon the later of:  
6 [1] The posting; or  
7 [2] The giving of the separate notice.
- 8 (d) Any other form of electronic communication by which the corporation  
9 has consented to receive notice, when directed to the corporation.
- 10 b. Is given by a publicly held corporation to a shareholder if the notice is addressed  
11 to the shareholder or group of shareholders in a manner permitted by the rules  
12 and regulations under the Securities Exchange Act of 1934, as amended,  
13 provided that the corporation has first received any affirmative written consent or  
14 implied consent required under those rules and regulations.
- 15 c. Is given, in all other cases:  
16 (1) When mailed to the person at an address designated by the person or at  
17 the last-known address of the person;  
18 (2) When deposited with a nationally recognized overnight delivery service for  
19 overnight delivery or, if overnight delivery to the person is not available, for  
20 delivery as promptly as practicable to the person at an address designated  
21 by the person or at the last-known address of the person;  
22 (3) When handed to the person;  
23 (4) When left at the office of the person with a clerk or other person in charge of  
24 the office or:  
25 (a) If there is no one in charge, when left in a conspicuous place in the  
26 office; or  
27 (b) If the office is closed or the person to be notified has no office, when  
28 left at the dwelling house or usual place of abode of the person with  
29 some person of suitable age and discretion then residing there;  
30 (5) When given by a form of electronic communication consented to by the  
31 person to whom the notice is given if by:

- 1 (a) Facsimile communication, when directed to a telephone number at  
2 which the person has consented to receive notice.
- 3 (b) Electronic mail, when directed to an electronic mail address at which  
4 the person has consented to receive notice.
- 5 (c) Posting on an electronic network on which the person has consented  
6 to receive notice, together with separate notice to the person of the  
7 specific posting, upon the later of:  
8 [1] The posting; or  
9 [2] The giving of the separate notice.
- 10 (d) Any other form of electronic communication by which the person has  
11 consented to receive notice, when directed to the person; or
- 12 (6) When the method is fair and reasonable when all of the circumstances are  
13 considered.
- 14 d. Is given by mail when deposited in the United States mail with sufficient postage  
15 affixed.
- 16 e. Is given by deposit for delivery when deposited for delivery as provided in  
17 paragraph 2 of subdivision c, after having made sufficient arrangements for  
18 payment by the sender.
- 19 f. Is deemed received when it is given.
- 20 37. "Officer" means an individual who is eighteen years of age or more who is:  
21 a. Elected, appointed, or otherwise designated as the president, the treasurer, or  
22 any other officer pursuant to section 10-19.1-52; or  
23 b. Deemed elected as an officer pursuant to section 10-19.1-56.
- 24 38. "Organization":  
25 a. Means, whether domestic or foreign, a corporation, limited liability company,  
26 general partnership, limited partnership, limited liability partnership, limited  
27 liability limited partnership, or any other person subject to a governing statute; but  
28 b. Excludes:  
29 (1) Any nonprofit corporation, whether a domestic nonprofit corporation which is  
30 incorporated under chapter 10-33 or a foreign nonprofit corporation which is  
31 incorporated in another jurisdiction; and

- 1                   (2) Any nonprofit limited liability company, whether a domestic nonprofit limited  
2                   liability company which is organized under chapter 10-36 or a foreign  
3                   nonprofit limited liability company which is organized in another jurisdiction.
- 4     39. "Originating records" means for an organization that is:
- 5           a. A corporation, its articles of incorporation;
- 6           b. A limited liability company, its articles of organization;
- 7           c. A limited partnership, its certificate of limited partnership;
- 8           d. A limited liability partnership, its registration; or
- 9           e. A limited liability limited partnership, its certificate of limited liability limited  
10           partnership.
- 11    40. "Outstanding shares" means all shares duly issued and not reacquired by a  
12           corporation.
- 13    41. "Owners" means the holders of ownership interests in an organization.
- 14    42. "Ownership interests" means for a domestic or foreign organization that is:
- 15           a. A corporation, its shares;
- 16           b. A limited liability company, its membership interests;
- 17           c. A limited partnership, its partnership interests;
- 18           d. A general partnership, its partnership interests;
- 19           e. A limited liability partnership, its partnership interests;
- 20           f. A limited liability limited partnership, its partnership interests; or
- 21           g. Any other organization, its governance or transferable interests.
- 22    43. "Parent" of a specified organization means an organization that directly, or indirectly  
23           through related organizations, owns more than fifty percent of the voting power of the  
24           ownership interests entitled to vote for directors or other members of the governing  
25           body of the specified organization.
- 26    44. "Principal executive office" means:
- 27           a. If the corporation has an elected or appointed president, then an office where the  
28           elected or appointed president of a corporation has an office; or
- 29           b. If the corporation has no elected or appointed president, then the registered office  
30           of the corporation.

- 1       45.   "Publicly held corporation" means a corporation that has a class of equity securities  
2       registered pursuant to section 12 of the Securities Exchange Act of 1934 [15 U.S.C.  
3       78L], or is subject to section 15(d) of the Securities Exchange Act of 1934 [15 U.S.C.  
4       78o(d)].
- 5       46.   "Record" means information that is inscribed on a tangible medium or that is stored in  
6       an electronic or other medium and is retrievable in perceivable form.
- 7   ~~46-47.~~ "Registered office" means the place in this state designated in a corporation's articles  
8       of incorporation or in a foreign corporation's certificate of authority as the registered  
9       office.
- 10   ~~47-48.~~ "Related organization" means an organization that controls, is controlled by, or is  
11       under common control with another organization with control existing if an  
12       organization:  
13       a.   Owns, directly or indirectly, at least fifty percent of the ownership interests of  
14       another organization;  
15       b.   Has the right, directly or indirectly, to elect, appoint, or remove fifty percent or  
16       more of the voting members of the governing body of another organization; or  
17       c.   Has the power, directly or indirectly, to direct or cause the direction of the  
18       management and policies of another organization, whether through the  
19       ownership of voting interests, by contract, or otherwise.
- 20   ~~48-49.~~ "Remote communication" means communication via electronic communication,  
21       conference telephone, videoconference, the internet, or such other means by which  
22       persons not physically present in the same location may communicate with each other  
23       on a substantially simultaneous basis.
- 24   ~~49-50.~~ "Security" has the meaning given in section 10-04-02.
- 25   ~~50-51.~~ "Series" means a category of shares, within a class of shares authorized or issued by  
26       a corporation by or pursuant to a corporation's articles, that have some of the same  
27       rights and preferences as other shares within the same class, but that differ in  
28       designation or one or more rights and preferences from another category of shares  
29       within that class.
- 30   ~~51-52.~~ "Share" means one of the units, however designated, into which the shareholders'  
31       proprietary interests of the shareholder in a corporation are divided.

- 1 ~~52-53.~~ "Shareholder" means a person registered on the books or records of a corporation or  
2 the corporation's transfer agent or registrar as the owner of whole or fractional shares  
3 of the corporation.
- 4 ~~53-54.~~ "Signed" means:
- 5 a. That the signature of a person, which may be a facsimile affixed, engraved,  
6 printed, placed, stamped with indelible ink, transmitted by facsimile  
7 telecommunication or electronically, or in any other manner reproduced on the  
8 record, is placed on a record with the present intention to authenticate that  
9 record; and
- 10 b. With respect to a record required by this chapter to be filed with the secretary of  
11 state, that:
- 12 (1) The record is signed by a person authorized to do so by this chapter, the  
13 articles or bylaws, or a resolution approved by the directors as required  
14 under section 10-19.1-46 or the shareholders as required under section  
15 10-19.1-74; and
- 16 (2) The signature and the record are communicated by a method or medium of  
17 communication acceptable by the secretary of state.
- 18 ~~54-55.~~ "Subscriber" means a person that subscribes for shares in a corporation, whether  
19 before or after incorporation.
- 20 ~~55-56.~~ "Subsidiary" of a specified organization means an organization having more than fifty  
21 percent of the voting power of its ownership interests entitled to vote for directors,  
22 governors, or other members of the governing body of the organization owned directly,  
23 or indirectly, through related organizations, by the specified organization.
- 24 ~~56-57.~~ "Surviving corporation" means the domestic or foreign corporation resulting from a  
25 merger which:
- 26 a. May preexist the merger; or  
27 b. May be created by the merger.
- 28 ~~57-58.~~ "Surviving organization" means the organization resulting from a merger which:
- 29 a. May preexist the merger; or  
30 b. May be created by the merger.
- 31 ~~58-59.~~ "Vote" includes authorization by written action.

1 59-60. "Written action" means:

- 2 a. A written record signed by all of the persons required to take the action; or  
3 b. The counterparts of a written record signed by any of the persons taking the  
4 action described.  
5 (1) Each counterpart constitutes the action of the person signing; and  
6 (2) All the counterparts, taken together, constitute one written action by all of  
7 the persons signing the counterparts.

8 **SECTION 5. AMENDMENT.** Subsection 1 of section 10-19.1-10 of the North Dakota  
9 Century Code is amended and reenacted as follows:

- 10 1. The articles of incorporation must contain:  
11 a. The name of the corporation.  
12 b. The name of the registered agent as provided in chapter 10-01.1 and, if a  
13 noncommercial registered agent, then the address of that noncommercial  
14 registered agent in this state.  
15 c. The address of the principal executive office.  
16 d. The aggregate number of shares that the corporation has authority to issue.  
17 ~~d.e.~~ The name and address of each incorporator.  
18 e-f. The effective date of incorporation if a later date than that on which the certificate  
19 of incorporation is issued by the secretary of state, which may not be later than  
20 ninety days after the date on which the certificate of incorporation is issued.

21 **SECTION 6. AMENDMENT.** Section 10-19.1-17 of the North Dakota Century Code is  
22 amended and reenacted as follows:

23 **10-19.1-17. Amendment of articles.**

24 The articles of a corporation may be amended at any time to include or modify any  
25 provision that is required or permitted to appear in the articles or to omit any provision not  
26 required to be included in the articles, except that when articles are amended to restate them,  
27 the name and address of each incorporator and each initial director may be omitted. If only a  
28 change of address of the principal executive office is required, an amendment need not be filed;  
29 however, the change of address of the principal executive office must then be reported on the  
30 annual report filed after the change. Unless otherwise provided in this chapter, the articles may

1 be amended or modified only in accordance with sections 10-19.1-18, 10-19.1-19, and  
2 10-19.1-20.

3 **SECTION 7. AMENDMENT.** Section 10-19.1-115 of the North Dakota Century Code is  
4 amended and reenacted as follows:

5 **10-19.1-115. Involuntary dissolution.**

6 1. This section applies to corporations that are not publicly held corporations.

7 ~~1.2.~~ A court may grant any equitable relief it deems just and reasonable in the  
8 circumstances or may dissolve a corporation and liquidate its assets and business:

9 a. In a supervised voluntary dissolution pursuant to section 10-19.1-114;

10 b. In an action by a shareholder when it is established that:

11 (1) The directors or the persons having the authority otherwise vested in the  
12 board are deadlocked in the management of the corporate affairs, the  
13 shareholders are unable to break the deadlock, and the corporation or the  
14 parties have not provided for a procedure to resolve the dispute;

15 (2) The directors or those in control of the corporation have acted fraudulently  
16 or illegally toward one or more shareholders in their capacities as  
17 shareholders or directors of any corporation or as officers or employees of a  
18 closely held corporation;

19 (3) The directors or those in control of the corporation have acted in a manner  
20 unfairly prejudicial toward one or more shareholders in their capacities as  
21 shareholders or directors of a corporation that is not a publicly held  
22 corporation or as officers or employees of a closely held corporation;

23 (4) The shareholders of the corporation are so divided in voting power that, for  
24 a period that includes the time when two consecutive regular meetings were  
25 held, they have failed to elect successors to directors whose terms have  
26 expired or would have expired upon the election and qualification of their  
27 successors;

28 (5) The corporate assets are being misapplied or wasted; or

29 (6) The period of duration as provided in the articles has expired and has not  
30 been extended as provided in section 10-19.1-124;

31 c. In an action by a creditor when:



- 1           (1) The claim of the creditor has been reduced to judgment and an execution  
2           thereon has been returned unsatisfied; or
- 3           (2) The corporation has admitted in writing that the claim of the creditor is due  
4           and owing and it is established that the corporation is unable to pay its  
5           debts in the ordinary course of business; or
- 6           d. In an action by the attorney general to dissolve the corporation in accordance  
7           with section 10-19.1-118 when it is established that a decree of dissolution is  
8           appropriate.
- 9    ~~2-3.~~ In determining whether to order equitable relief or dissolution, the court shall take into  
10           consideration the financial condition of the corporation but may not refuse to order  
11           equitable relief or dissolution solely on the ground that the corporation has  
12           accumulated or current operating profits.
- 13   ~~3-4.~~ In an action under subdivision b of subsection 1 involving a corporation that is not a  
14           publicly held corporation at the time the action is commenced and in which one or  
15           more of the circumstances described in that subdivision is established, the court, upon  
16           motion of a corporation or a shareholder or beneficial owner of shares of the  
17           corporation, may order the sale by a plaintiff or a defendant of all shares of the  
18           corporation held by the plaintiff or defendant to either the corporation or the moving  
19           shareholders, whichever is specified in the motion, if the court determines in its  
20           discretion that an order would be fair and equitable to all parties under the  
21           circumstances of the case.
- 22           a. The purchase price of any shares so sold must be the fair value of the shares as  
23           of the date of the commencement of the action or as of another date found  
24           equitable by the court. However, if the shares in question are then subject to sale  
25           and purchase pursuant to the bylaws of the corporation, a shareholder control  
26           agreement, the terms of the shares, or otherwise, the court shall order the sale  
27           for the price and on the terms as set forth, unless the court determines that the  
28           price or terms are unreasonable under all the circumstances of the case.
- 29           b. Within five days after the entry of the order, the corporation shall provide each  
30           selling shareholder or beneficial owner with the information it is required to  
31           provide under subsection 6 of section 10-19.1-88.

- 1           c. If the parties are unable to agree on fair value within forty days of entry of the  
2           order, the court shall determine the fair value of the shares under the provisions  
3           of subsection 10 of section 10-19.1-88 and may allow interest or costs as  
4           provided in subsections 1 and 11 of section 10-19.1-88.
- 5           d. The purchase price must be paid in one or more installments as agreed on by the  
6           parties, or, if no agreement can be reached within forty days of entry of the order,  
7           as ordered by the court. Upon entry of an order for the sale of shares under this  
8           subsection and provided that the corporation or the moving shareholders post a  
9           bond in adequate amount with sufficient sureties or otherwise satisfy the court  
10          that the full purchase price of the shares, plus any additional costs, expenses,  
11          and fees as may be awarded, will be paid when due and payable, the selling  
12          shareholders shall no longer have any rights or status as shareholders, officers,  
13          or directors, except the right to receive the fair value of their shares plus such  
14          other amounts as may be awarded.
- 15    4-5. In determining whether to order equitable relief or dissolution, the court shall take into  
16    consideration the duty which all shareholders in a closely held corporation owe one  
17    another to act in an honest, fair, and reasonable manner in the operation of the  
18    corporation and the reasonable expectations of the shareholders as they exist at the  
19    inception and develop during the course of the shareholders' relationship with the  
20    corporation and with each other. For purposes of this section, any written agreement,  
21    including an employment agreement and a buy-sell agreement, between or among  
22    shareholders or between or among one or more shareholders and the corporation is  
23    presumed to reflect the parties' reasonable expectation concerning the matters dealt  
24    with in the agreement.
- 25    ~~5-6.~~ In deciding whether to order dissolution, the court shall consider whether lesser relief  
26    suggested by one or more parties, such as any form of equitable relief, a buyout, or a  
27    partial liquidation, would be adequate to permanently relieve the circumstances  
28    established under subdivision b or c of subsection 1. Lesser relief may be ordered in  
29    any case when it would be appropriate under all the facts and circumstances of the  
30    case.

1     ~~6-7.~~ If the court finds that a party to a proceeding brought under this section has acted  
2             arbitrarily, vexatiously, or otherwise not in good faith, it may in its discretion award  
3             reasonable expenses, including attorney's fees and disbursements, to any of the other  
4             parties.

5     ~~7-8.~~ Proceedings under this section must be brought in a court within the county in which  
6             the principal executive office of the corporation is located. It is not necessary to make  
7             shareholders parties to the action or proceeding unless relief is sought against them  
8             personally.

9             **SECTION 8. AMENDMENT.** Subsection 2 of section 10-19.1-146 of the North Dakota  
10 Century Code is amended and reenacted as follows:

11            2. The annual report must be submitted on forms prescribed by the secretary of state.  
12            The information provided must be given as of the date of the execution of the report.  
13            The annual report must be signed as provided in subsection ~~5354~~ of section  
14            10-19.1-01. If the corporation or foreign corporation is in the hands of a receiver or  
15            trustee, it must be signed on behalf of the corporation or foreign corporation by the  
16            receiver or trustee. The secretary of state may destroy all annual reports provided for  
17            in this section after they have been on file for six years.

18            **SECTION 9. AMENDMENT.** Subsection 1 of section 10-32-07 of the North Dakota Century  
19 Code is amended and reenacted as follows:

20            1. The articles of organization must contain:  
21            a. The name of the limited liability company;  
22            b. The name of the registered agent of the limited liability company as provided in  
23            chapter 10-01.1 and, if a noncommercial registered agent, then the address of  
24            such noncommercial registered agent in this state;  
25            c. The address of the principal executive office;  
26            d. The name and address of each organizer;  
27            ~~d.e.~~ The effective date of organization:  
28            (1) If a later date than that on which the certificate of organization is issued by  
29            the secretary of state; and  
30            (2) Which may not be later than ninety days after the date on which the  
31            certificate of organization is issued; and

- 1 e.f. If the articles of organization are filed with the secretary of state:
- 2 (1) Before July 1, 1999, a statement stating in years that the period of existence
- 3 for the limited liability company must be a period of thirty years from the
- 4 date the articles of organization are filed with the secretary of state, unless
- 5 the articles of organization expressly authorize a shorter or longer period of
- 6 duration, which may be perpetual.
- 7 (2) After June 30, 1999, a statement stating in years the period of existence of
- 8 the limited liability company, if other than perpetual.

9 **SECTION 10. AMENDMENT.** Section 10-32-14 of the North Dakota Century Code is

10 amended and reenacted as follows:

11 **10-32-14. Amendment of articles of organization.**

12 The articles of organization of a limited liability company may be amended at any time to

13 include or modify any provision that is required or permitted to appear in the articles or to omit

14 any provision not required to be included in the articles, except that when articles are amended

15 to restate them, the name and address of each organizer may be omitted. If only a change of

16 address of the principal executive office is required, an amendment need not be filed; however,

17 the change of address of the principal executive office must then be reported on the annual

18 report filed after the change. Unless otherwise provided in this chapter, the articles may be

19 amended or modified only in accordance with sections 10-32-14 through 10-32-18.

20 **SECTION 11. AMENDMENT.** Subsection 1 of section 10-33-06 of the North Dakota Century

21 Code is amended and reenacted as follows:

- 22 1. The articles of incorporation must contain:
- 23 a. The name of the corporation;
- 24 b. The name of the registered agent of the corporation as provided in chapter
- 25 10-01.1 and, if a noncommercial registered agent, then the address of that
- 26 noncommercial registered agent in this state;
- 27 c. The address of the principal executive office;
- 28 d. The name and address of each incorporator;
- 29 ~~d.e.~~ The effective date of the incorporation:
- 30 (1) If a later date than that on which the certificate of incorporation is issued by
- 31 the secretary of state; and

1                   (2) Which may not be later than ninety days after the date on which the  
2                   certificate of incorporation is issued; and

3           e-f. A statement that the corporation is incorporated under this chapter.

4           **SECTION 12. AMENDMENT.** Section 10-33-14 of the North Dakota Century Code is  
5 amended and reenacted as follows:

6           **10-33-14. Amendment of articles.**

7           The articles of a corporation may be amended at any time to include or modify any  
8 provision that is required or permitted to appear in the articles or to omit any provision not  
9 required to be included in the articles, except that when articles are amended to restate them,  
10 the name and address of each incorporator and each initial director may be omitted. If only a  
11 change of address of the principal executive office is required, an amendment need not be filed;  
12 however, the change of address of the principal executive office must then be reported on the  
13 annual report filed after the change. Unless otherwise provided in this chapter, the articles may  
14 be amended or modified only in accordance with section 10-33-15.

15           **SECTION 13. AMENDMENT.** Subsection 3 of section 10-34-04 of the North Dakota  
16 Century Code is amended and reenacted as follows:

- 17           3. A domestic or foreign real estate investment trust shall register with the secretary of  
18 state by submitting an application signed by a trustee which includes:
- 19           a. The name of the real estate investment trust which may not be the same or  
20           deceptively similar to the name of any other real estate investment trust  
21           registered with the secretary of state, or any corporation, limited liability company,  
22           limited partnership, limited liability partnership, or any name that is in some  
23           manner reserved with the secretary of state, that is a fictitious trade name  
24           registered as provided in chapter 45-11, or that is a trade name registered as  
25           provided in chapter 47-25 unless there is filed with the secretary of state a written  
26           consent of the holder of the similar trade name to use the name proposed by the  
27           real estate investment trust. The name may not contain the word "corporation",  
28           "company", "incorporated", "limited liability company", or any abbreviation of  
29           these words.
  - 30           b. The state and date of its formation.
  - 31           c. The name, address, and principal place of business of each trustee and officer.

- 1           d. The name of its registered agent as provided in chapter 10-01.1 and, if a  
2           noncommercial registered agent, then the address of that noncommercial  
3           registered agent in this state.
- 4           e. The address of the principal place of business.
- 5           f. A statement that the secretary of state is appointed the agent of the real estate  
6           investment trust for service of process as provided in section 10-01.1-13.

7           **SECTION 14. AMENDMENT.** Subsection 2 of section 10-35-28 of the North Dakota  
8 Century Code is amended and reenacted as follows:

- 9           2. The annual report must be submitted on forms prescribed by the secretary of state.  
10           The information provided must be given as of the date of the execution of the report.  
11           The annual report must be signed as provided in subsection ~~5254~~ of section  
12           10-19.1-01, the articles or the bylaws, or by a resolution approved by the affirmative  
13           vote of the required proportion or number of the directors. If the publicly traded  
14           corporation is in the hands of a receiver or trustee, it must be signed on behalf of the  
15           publicly traded corporation by the receiver or trustee. The secretary of state may  
16           destroy all annual reports provided for in this section after they have been on file for  
17           six years.