CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 2301

Chapter 297, Laws of 2002

57th Legislature
2002 Regular Session

BUSINESS CORPORATION ACT

EFFECTIVE DATE: 6/13/02

Passed by the House February 11, 2002
Yeas 97  Nays 0

FRANK CHOPP
Speaker of the House of Representatives

Passed by the Senate March 5, 2002
Yeas 49  Nays 0

BRAD OWEN
President of the Senate

Approved April 2, 2002

I, Cynthia Zehnder, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is SUBSTITUTE HOUSE BILL 2301 as passed by the House of Representatives and the Senate on the dates hereon set forth.

CYNTHIA ZEHNDER
Chief Clerk

CERTIFICATE

GARY LOCKE
Governor of the State of Washington

FILED

April 2, 2002 - 10:19 a.m.

Secretary of State
State of Washington

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

Sec. 1. RCW 23B.01.200 and 1991 c 72 s 24 are each amended to read as follows:

(1) A ((document)) record must satisfy the requirements of this section, and of any other section that adds to or varies from these requirements, to be entitled to filing by the secretary of state.

(2) The secretary of state may permit records to be filed through electronic transmission. The secretary of state may adopt rules
varying from these requirements to facilitate electronic filing. These rules shall detail the circumstances under which the electronic filing of records shall be permitted and how such records shall be filed. These rules may also impose additional requirements related to implementation of electronic filing processes including but not limited to: File formats; signature technologies; the manner of delivery; and the types of entities or records permitted.

(3) This title must require or permit filing the record in the office of the secretary of state.

(4) The record must contain the information required by this title. It may contain other information as well.

(5) The record must: (a) Be typewritten or printed, and must meet such legibility or other standards as may be prescribed by the secretary of state; or (b) meet the standards for electronic filing as may be prescribed by the secretary of state.

(6) The record must be in the English language. 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.

(7) Unless otherwise indicated in this title, all records submitted for filing must be executed:

(a) By the chairperson of the board of directors of a domestic or foreign corporation, by its president, or by another of its officers;

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

(c) If the corporation is in the hands of a receiver, trustee, or other court-appointed fiduciary, by that fiduciary.

(8) The person executing the record shall sign it and state beneath or opposite the signature the name of the person and the capacity in which the person signs. The record may but need not contain: (a) The corporate seal; (b) an attestation by the secretary or an assistant secretary; or (c) an acknowledgment, verification, or proof.

(9) If the secretary of state has prescribed a mandatory form for the record under RCW 23B.01.210, the record must be in or on the prescribed form.

(10) The record must be received by the office of the secretary of state for filing and, except
in the case of an electronic filing, must be accompanied by one exact or conformed copy, the correct filing fee or charge, including license fee, penalty and service fee, and any attachments which are required for the filing.

Sec. 2. RCW 23B.01.202 and 1998 c 23 s 5 are each amended to read as follows:

For those corporations that have a certificate of authority, are applying for, or intend to apply for a certificate of authority from the insurance commissioner as an insurance company under chapter 48.05 RCW, whenever under this chapter corporate ((documents)) records are required to be filed with the secretary of state, the ((documents)) records shall be filed with the insurance commissioner rather than the secretary of state.

Sec. 3. RCW 23B.01.220 and 1993 c 269 s 2 are each amended to read as follows:

(1) The secretary of state shall collect in accordance with the provisions of this title:
   (a) Fees for filing ((documents)) records and issuing certificates;
   (b) Miscellaneous charges;
   (c) License fees as provided in RCW 23B.01.500 through 23B.01.550;
   (d) Penalty fees; and
   (e) Other fees as the secretary of state may establish by rule adopted under chapter 34.05 RCW.

(2) The secretary of state shall collect the following fees when the ((documents)) records described in this subsection are delivered for filing:

   One hundred seventy-five dollars, pursuant to RCW 23B.01.520 and 23B.01.540, for:
   (a) Articles of incorporation; and
   (b) Application for certificate of authority.

(3) The secretary of state shall establish by rule, fees for the following:
   (a) Application for reinstatement;
   (b) Articles of correction;
   (c) Amendment of articles of incorporation;
   (d) Restatement of articles of incorporation, with or without amendment;
(e) Articles of merger or share exchange;
(f) Articles of revocation of dissolution;
(g) Application for amended certificate of authority;
(h) Application for reservation, registration, or assignment of reserved name;
(i) Corporation’s statement of change of registered agent or registered office, or both, except where this information is provided in conjunction with and on an initial report or an annual report form filed under RCW 23B.01.530, 23B.01.550, 23B.02.050, or 23B.16.220;
(j) Agent’s resignation, or statement of change of registered office, or both, for each affected corporation;
(k) Initial report; and
(l) Any record not listed in this subsection that is required or permitted to be filed under this title.

(4) Fees shall be adjusted by rule only in an amount that does not exceed the average biennial increase in the cost of providing service. This shall be determined in a biennial cost study performed by the secretary of state.

(5) The secretary of state shall not collect fees for:
(a) Agent’s consent to act as agent;
(b) Agent’s resignation, if appointed without consent;
(c) Articles of dissolution;
(d) Certificate of judicial dissolution;
(e) Application for certificate of withdrawal; and
(f) Annual report when filed concurrently with the payment of annual license fees.

(6) The secretary of state shall collect a fee in an amount established by the secretary of state by rule per defendant served, upon being served process under this title. The party to a proceeding causing service of process is entitled to recover this fee as costs if such party prevails in the proceeding.

(7) The secretary of state shall establish by rule and collect a fee from every person or organization:
(a) For furnishing a certified copy of any record, instrument, or paper relating to a corporation;
(b) For furnishing a certificate, under seal, attesting to the existence of a corporation, or any other certificate; and
(c) For furnishing copies of any record, instrument, or paper relating to a corporation, other than of an initial report or an annual report.

(8) For annual license fees for domestic and foreign corporations, see RCW 23B.01.500, 23B.01.510, 23B.01.530, and 23B.01.550. For penalties for nonpayment of annual license fees and failure to complete annual report, see RCW 23B.01.570.

Sec. 4. RCW 23B.01.230 and 1989 c 165 s 6 are each amended to read as follows:

(1) Except as provided in subsection (2) of this section and RCW 23B.01.240(3), a record accepted for filing is effective on the date it is filed by the secretary of state and at the time on that date specified in the record. If no time is specified in the record, the record is effective at the close of business on the date it is filed by the secretary of state.

(2) If a record specifies a delayed effective time and date, the record becomes effective at the time and date specified. If a record specifies a delayed effective date but no time is specified, the record is effective at the close of business on that date. A delayed effective date for a record may not be later than the ninetieth day after the date it is filed.

(3) When a record is received for filing by the secretary of state in a form which complies with the requirements of this title and which would entitle the record to be filed on receipt, but the secretary of state’s approval action occurs subsequent to the date of receipt, the secretary of state’s filing date shall relate back to and be shown as the date on which the secretary of state first received the record in acceptable form.

Sec. 5. RCW 23B.01.240 and 1989 c 165 s 7 are each amended to read as follows:

(1) A domestic or foreign corporation may correct a record filed by the secretary of state if the record (a) contains an incorrect statement; or (b) was defectively executed, attested, sealed, verified, or acknowledged.

(2) A record is corrected:
(a) By preparing articles of correction that (i) describe the (((document)) record), including its filing date, or attach a copy of it to the articles of correction, (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

(b) By delivering the articles of correction to the secretary of state for filing.

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

Sec. 6. RCW 23B.01.250 and 1989 c 165 s 8 are each amended to read as follows:

(1) If a (((document)) record) delivered to the office of the secretary of state for filing satisfies the requirements of RCW 23B.01.200, the secretary of state shall file it.

(2)(a) The secretary of state files a (((document)) record): (i) In the case of a record in a tangible medium, by stamping or otherwise endorsing "Filed," together with the secretary of state’s name and official title and the date of filing, on both the original and the (((document)) record) copy(.(. After filing a document)); and (ii) in the case of an electronically transmitted record, by the electronic processes as may be prescribed by the secretary of state from time to time that result in the information required by (a)(i) of this subsection being permanently attached to or associated with such electronically transmitted record.

(b) After filing a record, the secretary of state shall deliver ((the document copy)) a record of the filing to the domestic or foreign corporation or its representative either: (i) In a written copy of the filing; or (ii) if the corporation has designated an address, location, or system to which the record may be electronically transmitted and the secretary of state elects to provide the record by electronic transmission, in an electronically transmitted record of the filing.

(3) If the secretary of state refuses to file a (((document)) record), the secretary of state shall return it to the domestic or foreign corporation or its representative, together with a brief...
(written) explanation of the reason for the refusal. The explanation shall be either: (a) In a written record or (b) if the corporation has designated an address, location, or system to which the explanation may be electronically transmitted and the secretary of state elects to provide the explanation by electronic transmission, in an electronically transmitted record.

(4) The secretary of state’s duty to file (document) records under this section is ministerial. Filing or refusal to file a (document) record does not:

(a) Affect the validity or invalidity of the (document) record in whole or part;

(b) Relate to the correctness or incorrectness of information contained in the (document) record; or

(c) Create a presumption that the (document) record is valid or invalid or that information contained in the (document) record is correct or incorrect.

**Sec. 7.** RCW 23B.01.260 and 1989 c 165 s 9 are each amended to read as follows:

If the secretary of state refuses to file a (document delivered to) record received by the office for filing, the person submitting the (document) record, in addition to any other legal remedy which may be available, shall have the right to judicial review of such refusal pursuant to the provisions of chapter 34.05 RCW.

**Sec. 8.** RCW 23B.01.270 and 1989 c 165 s 10 are each amended to read as follows:

A certificate bearing the manual or facsimile signature of the secretary of state and the seal of the state, when attached to or located on a (document) record or a copy of a (document) record filed by the secretary of state, is conclusive evidence that the original (document) record is on file with the secretary of state.

**Sec. 9.** RCW 23B.01.400 and 2000 c 168 s 1 are each amended to read as follows:

Unless the context clearly requires otherwise, the definitions in this section apply throughout this title.

(1) "Articles of incorporation" include amended and restated articles of incorporation and articles of merger.
(2) "Authorized shares" means the shares of all classes a domestic
or foreign corporation is authorized to issue.

(3) "Conspicuous" means so ((written)) prepared that a reasonable
person against whom the ((writing)) record is to operate should have
noticed it. For example, printing in italics or boldface or
contrasting color, or typing in capitals or underlined, is conspicuous.

(4) "Corporation" or "domestic corporation" means a corporation for
profit, which is not a foreign corporation, incorporated under or
subject to the provisions of this title.

(5) "Deliver" includes (a) mailing ((and)), (b) for purposes of
delivering a demand, consent, notice, or waiver to the corporation or
one of its officers, directors, or shareholders, transmission by
facsimile equipment, and (c) for purposes of delivering a demand,
consent, notice, or waiver to the corporation or one of its officers,
directors, or shareholders under RCW 23B.01.410 or chapter 23B.07,
23B.08, 23B.11, 23B.13, 23B.14, or 23B.16 RCW delivery by electronic
transmission.

(6) "Distribution" means a direct or indirect transfer of money or
other property, except its own shares, or incurrence of indebtedness by
a corporation to or for the benefit of its shareholders in respect to
any of its shares. A distribution may be in the form of a declaration
or payment of a dividend; a distribution in partial or complete
liquidation, or upon voluntary or involuntary dissolution; a purchase,
redemption, or other acquisition of shares; a distribution of
indebtedness; or otherwise.

(7) "Effective date of notice" has the meaning provided in RCW
23B.01.410.

(8) "Electronic transmission" ((or "electronically transmitted"))
means ((any process of)) an electronic communication (a) not directly
involving the physical transfer of ((paper)) a record in a tangible
medium and (b) that ((is suitable for the retention, retrieval, and
reproduction of the transmitted information by the recipient)) may be
retained, retrieved, and reviewed by the sender and the recipient
thereof, and that may be directly reproduced in a tangible medium by
such a sender and recipient.

(9) "Electronically transmitted" means the initiation of an
electronic transmission.

(10) "Employee" includes an officer but not a director. A director
may accept duties that make the director also an employee.
"Entity" includes a corporation and foreign corporation, not-for-profit corporation, business trust, estate, partnership, limited liability company, association, joint venture, two or more persons having a joint or common economic interest, the state, United States, and a foreign governmental subdivision, agency, or instrumentality, or any other legal or commercial entity.

"Execute," "executes," or "executed" means (a) signed with respect to a written record or (b) electronically transmitted along with sufficient information to determine the sender’s identity with respect to an electronic transmission, or (c) with respect to a record to be filed with the secretary of state, in compliance with the standards for filing with the office of the secretary of state as prescribed by the secretary of state.

"Foreign corporation" means a corporation for profit incorporated under a law other than the law of this state.

"Foreign limited partnership" means a partnership formed under laws other than of this state and having as partners one or more general partners and one or more limited partners.

"Governmental subdivision" includes authority, county, district, and municipality.

"Includes" denotes a partial definition.

"Individual" includes the estate of an incompetent or deceased individual.

"Limited partnership" or "domestic limited partnership" means a partnership formed by two or more persons under the laws of this state and having one or more general partners and one or more limited partners.

"Means" denotes an exhaustive definition.

"Notice" has the meaning provided in RCW 23B.01.410.

"Person" includes an individual and an entity.

"Principal office" means the office, in or out of this state, so designated in the annual report where the principal executive offices of a domestic or foreign corporation are located.

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

"Public company" means a corporation that has a class of shares registered with the federal securities and exchange
commission pursuant to section 12 or 15 of the securities exchange act
of 1934, or section 8 of the investment company act of 1940, or any
successor statute.

((23))) (25) "Record" means information inscribed on a tangible
medium or contained in an electronic transmission.

(26) "Record date" means the date established under chapter 23B.07
RCW on which a corporation determines the identity of its shareholders
and their shareholdings for purposes of this title. The determinations
shall be made as of the close of business on the record date unless
another time for doing so is specified when the record date is fixed.

((24))) (27) "Secretary" means the corporate officer to whom the
board of directors has delegated responsibility under RCW 23B.08.400(3)
for custody of the minutes of the meetings of the board of directors
and of the shareholders and for authenticating records of the
corporation.

((25))) (28) "Shares" means the units into which the proprietary
interests in a corporation are divided.

((26))) (29) "Shareholder" means the person in whose name shares
are registered in the records of a corporation or the beneficial owner
of shares to the extent of the rights granted by a nominee certificate
on file with a corporation.

((27))) (30) "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.

((28))) (31) "Subscriber" means a person who subscribes for shares
in a corporation, whether before or after incorporation.

((29))) (32) "Tangible medium" means a writing, copy of a writing,
or facsimile, or a physical reproduction, each on paper or on other
tangible material.

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

((31))) (34) "Voting group" means all shares of one or more
classes or series that under the articles of incorporation or this
title are entitled to vote and be counted together collectively on a
matter at a meeting of shareholders. All shares entitled by the
articles of incorporation or this title to vote generally on the matter
are for that purpose a single voting group.

(35) "Writing" does not include an electronic transmission.
"Written" means embodied in a tangible medium.

Sec. 10. RCW 23B.01.410 and 1991 c 72 s 29 are each amended to read as follows:

1. Notice under this title must be (in writing) provided in the form of a record, except that oral notice of any meeting of the board of directors may be given if expressly authorized by the articles of incorporation or bylaws.

2. ((Written notice may be transmitted by: Mail)) Permissible means of transmission.

   (a) Oral notice. Oral notice may be communicated in person, by telephone, wire, or wireless equipment which does not transmit a facsimile of the notice, or by any electronic means which does not create a record. If these forms of oral notice are impracticable, oral notice may be communicated by radio, television, or other form of public broadcast communication.

   (b) Notice provided in a tangible medium. Notice may be provided in a tangible medium and be transmitted by mail, private carrier, or personal delivery; telegraph or teletype; or telephone, wire or wireless equipment which transmits a facsimile of the notice. If these forms of ((written)) notice in a tangible medium are impracticable, ((written)) notice in a tangible medium may be transmitted by an advertisement in a newspaper of general circulation in the area where published. ((Oral notice may be communicated in person or by telephone, wire or wireless equipment which does not transmit a facsimile of the notice. If these forms of oral notice are impracticable, oral notice may be communicated by radio, television, or other form of public broadcast communication.

3. Written notice by a domestic or foreign corporation to its shareholder, if in a comprehensible form, is effective when mailed, if mailed with first-class postage prepaid and correctly addressed to the shareholder’s address shown in the corporation’s current record of shareholders.

4. Written)) (c) Notice provided in an electronic transmission.

   (i) Notice may be provided in an electronic transmission and be electronically transmitted.

   (ii) Notice to shareholders or directors in an electronic transmission is effective only with respect to shareholders and directors that have consented, in the form of a record, to receive
electronically transmitted notices under this title and designated in
the consent the address, location, or system to which these notices may
be electronically transmitted and with respect to a notice that
otherwise complies with any other requirements of this title and
applicable federal law.

(A) Notice to shareholders or directors for this purpose includes
material that this title requires or permits to accompany the notice.

(B) A shareholder or director who has consented to receipt of
electronically transmitted notices may revoke this consent by
delivering a revocation to the corporation in the form of a record.

(C) The consent of any shareholder or director is revoked if (I)
the corporation is unable to electronically transmit two consecutive
notices given by the corporation in accordance with the consent, and
(II) this inability becomes known to the secretary of the corporation,
the transfer agent, or any other person responsible for giving the
notice. The inadvertent failure by the corporation to treat this
inability as a revocation does not invalidate any meeting or other
action.

(iii) Notice to shareholders or directors who have consented to
receipt of electronically transmitted notices may be provided by (A)
posting the notice on an electronic network and (B) delivering to the
shareholder or director a separate record of the posting, together with
comprehensible instructions regarding how to obtain access to the
posting on the electronic network.

(iv) Notice to a domestic or foreign corporation, authorized to
transact business in this state, ((may be addressed to its registered
agent at its registered office or to the corporation or its secretary
at its principal office shown in its most recent annual report or, in
the case of a foreign corporation that has not yet delivered an annual
report, in its application for a certificate of authority.

(5) Written notice) in an electronic transmission is effective
only with respect to a corporation that has designated in a record an
address, location, or system to which the notices may be electronically
transmitted.

(3) Effective time and date of notice.

(a) Oral notice. Oral notice is effective when received.

(b) Notice provided in a tangible medium.

(i) Notice in a tangible medium, if in a comprehensible form, is
effective at the earliest of the following:
((a)) (A) If expressly authorized by the articles of incorporation or bylaws, and if notice is sent to the person’s address, telephone number, or other number appearing on the records of the corporation, when dispatched by telegraph, teletype, or facsimile equipment;

((b)) (B) When received;

((c)) (C) Except as provided in (b)(ii) of this subsection ((3) of this section)), five days after its deposit in the United States mail, as evidenced by the postmark, if mailed with first-class postage, prepaid and correctly addressed; or

((d)) (D) 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.

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

((7))) (ii) Notice in a tangible medium by a domestic or foreign corporation to its shareholder, if in a comprehensible form and correctly addressed to the shareholder’s address shown in the corporation’s current record of shareholders, is effective:

(A) When mailed, if mailed with first class postage prepaid; and

(B) When dispatched, if prepaid, by air courier.

(iii) Notice in a tangible medium to a domestic or foreign corporation, authorized to transact business in this state, may be addressed to the corporation’s registered agent at its registered office or to the corporation or its secretary at its principal office shown in its most recent annual report, or in the case of a foreign corporation that has not yet delivered its annual report in its application for a certificate of authority.

(c) Notice provided in an electronic transmission. Notice provided in an electronic transmission, if in comprehensible form, is effective when it: (i) Is electronically transmitted to an address, location, or system designated by the recipient for that purpose; or (ii) has been posted on an electronic network and a separate record of the posting has been delivered to the recipient together with comprehensible instructions regarding how to obtain access to the posting on the electronic network.

(4) If this title prescribes notice requirements for particular circumstances, those requirements govern. If articles of incorporation
or bylaws prescribe notice requirements, not inconsistent with this section or other provisions of this title, those requirements govern.

Sec. 11. RCW 23B.02.020 and 1997 c 19 s 1 are each amended to read as follows:

(1) The articles of incorporation must set forth:
   (a) A corporate name for the corporation that satisfies the requirements of RCW 23B.04.010;
   (b) The number of shares the corporation is authorized to issue in accordance with RCW 23B.06.010 and 23B.06.020;
   (c) The street address of the corporation’s initial registered office and the name of its initial registered agent at that office in accordance with RCW 23B.05.010; and
   (d) The name and address of each incorporator in accordance with RCW 23B.02.010.

(2) The articles of incorporation or bylaws must either specify the number of directors or specify the process by which the number of directors will be fixed, unless the articles of incorporation dispense with a board of directors pursuant to RCW 23B.08.010.

(3) Unless its articles of incorporation provide otherwise, a corporation is governed by the following provisions:
   (a) The board of directors may adopt bylaws to be effective only in an emergency as provided by RCW 23B.02.070;
   (b) A corporation has the purpose of engaging in any lawful business under RCW 23B.03.010;
   (c) A corporation has perpetual existence and succession in its corporate name under RCW 23B.03.020;
   (d) A corporation has the same powers as an individual to do all things necessary or convenient to carry out its business and affairs, including itemized powers under RCW 23B.03.020;
   (e) All shares are of one class and one series, have unlimited voting rights, and are entitled to receive the net assets of the corporation upon dissolution under RCW 23B.06.010 and 23B.06.020;
   (f) If more than one class of shares is authorized, all shares of a class must have preferences, limitations, and relative rights identical to those of other shares of the same class under RCW 23B.06.010;
   (g) If the board of directors is authorized to designate the number of shares in a series, the board may, after the issuance of shares in
that series, reduce the number of authorized shares of that series under RCW 23B.06.020;

(h) The board of directors must authorize any issuance of shares under RCW 23B.06.210;

(i) Shares may be issued pro rata and without consideration to shareholders under RCW 23B.06.230;

(j) Shares of one class or series may not be issued as a share dividend with respect to another class or series, unless there are no outstanding shares of the class or series to be issued, or a majority of votes entitled to be cast by such class or series approve as provided in RCW 23B.06.230;

(k) A corporation may issue rights, options, or warrants for the purchase of shares of the corporation under RCW 23B.06.240;

(l) A shareholder has, and may waive, a preemptive right to acquire the corporation’s unissued shares as provided in RCW 23B.06.300;

(m) Shares of a corporation acquired by it may be reissued under RCW 23B.06.310;

(n) The board may authorize and the corporation may make distributions not prohibited by statute under RCW 23B.06.400;

(o) The preferential rights upon dissolution of certain shareholders will be considered a liability for purposes of determining the validity of a distribution under RCW 23B.06.400;

(p) Action may be taken by shareholders by unanimous (written) consent of all shareholders entitled to vote on the action, unless the approval of a lesser number of shareholders is permitted as provided in RCW 23B.07.040, which consent shall be in the form of a record;

(q) Unless this title requires otherwise, the corporation is required to give notice only to shareholders entitled to vote at a meeting and the notice for an annual meeting need not include the purpose for which the meeting is called under RCW 23B.07.050;

(r) A corporation that is a public company shall hold a special meeting of shareholders if the holders of at least ten percent of the votes entitled to be cast on any issue proposed to be considered at the meeting demand a meeting under RCW 23B.07.020;

(s) Subject to statutory exceptions, each outstanding share, regardless of class, is entitled to one vote on each matter voted on at a shareholders’ meeting under RCW 23B.07.210;
(t) A majority of the votes entitled to be cast on a matter by a voting group constitutes a quorum, unless the title provides otherwise under RCW 23B.07.250 and 23B.07.270;
(u) Action on a matter, other than election of directors, by a voting group is approved if the votes cast within the voting group favoring the action exceed the votes cast opposing the action, unless this title requires a greater number of affirmative votes under RCW 23B.07.250;
(v) All shares of one or more classes or series that are entitled to vote will be counted together collectively on any matter at a meeting of shareholders under RCW 23B.07.260;
(w) Directors are elected by cumulative voting under RCW 23B.07.280;
(x) Directors are elected by a plurality of votes cast by shares entitled to vote under RCW 23B.07.280;
(y) A corporation must have a board of directors under RCW 23B.08.010;
(z) All corporate powers must be exercised by or under the authority of, and the business and affairs of the corporation managed under the direction of, its board of directors under RCW 23B.08.010;
(aa) The shareholders may remove one or more directors with or without cause under RCW 23B.08.080;
(bb) A vacancy on the board of directors may be filled by the shareholders or the board of directors under RCW 23B.08.100;
(cc) A corporation shall indemnify a director who was wholly successful in the defense of any proceeding to which the director was a party because the director is or was a director of the corporation against reasonable expenses incurred by the director in connection with the proceeding under RCW 23B.08.520;
(dd) A director of a corporation who is a party to a proceeding may apply for indemnification of reasonable expenses incurred by the director in connection with the proceeding to the court conducting the proceeding or to another court of competent jurisdiction under RCW 23B.08.540;
(ee) An officer of the corporation who is not a director is entitled to mandatory indemnification under RCW 23B.08.520, and is entitled to apply for court-ordered indemnification under RCW 23B.08.540, in each case to the same extent as a director under RCW 23B.08.570;
The corporation may indemnify and advance expenses to an officer, employee, or agent of the corporation who is not a director to the same extent as to a director under RCW 23B.08.570;

A corporation may indemnify and advance expenses to an officer, employee, or agent who is not a director to the extent, consistent with law, that may be provided by its articles of incorporation, bylaws, general or specific action of its board of directors, or contract under RCW 23B.08.570;

A corporation’s board of directors may adopt certain amendments to the corporation’s articles of incorporation without shareholder action under RCW 23B.10.020;

Unless this title or the board of directors requires a greater vote or a vote by voting groups, an amendment to the corporation’s articles of incorporation must be approved by each voting group entitled to vote on the proposed amendment by two-thirds, or, in the case of a public company, a majority, of all the votes entitled to be cast by that voting group under RCW 23B.10.030;

A corporation’s board of directors may amend or repeal the corporation’s bylaws unless this title reserves this power exclusively to the shareholders in whole or in part, or unless the shareholders in amending or repealing a bylaw provide expressly that the board of directors may not amend or repeal that bylaw under RCW 23B.10.200;

Unless this title or the board of directors require a greater vote or a vote by voting groups, a plan of merger or share exchange must be approved by each voting group entitled to vote on the merger or share exchange by two-thirds of all the votes entitled to be cast by that voting group under RCW 23B.11.030;

Approval by the shareholders of the sale, lease, exchange, or other disposition of all, or substantially all, the corporation’s property in the usual and regular course of business is not required under RCW 23B.12.010;

Approval by the shareholders of the mortgage, pledge, dedication to the repayment of indebtedness, or other encumbrance of any or all of the corporation’s property, whether or not in the usual and regular course of business, is not required under RCW 23B.12.010;

Unless the board of directors requires a greater vote or a vote by voting groups, a sale, lease, exchange, or other disposition of all or substantially all of the corporation’s property, other than in the usual and regular course of business, must be approved by each
voting group entitled to vote on such transaction by two-thirds of all votes entitled to be cast by that voting group under RCW 23B.12.020; and

(oo) Unless the board of directors requires a greater vote or a vote by voting groups, a proposal to dissolve must be approved by each voting group entitled to vote on the dissolution by two-thirds of all votes entitled to be cast by that voting group under RCW 23B.14.020.

(4) Unless its articles of incorporation or its bylaws provide otherwise, a corporation is governed by the following provisions:

(a) The board of directors may authorize the issuance of some or all of the shares of any or all of the corporation’s classes or series without certificates under RCW 23B.06.260;

(b) A corporation that is not a public company shall hold a special meeting of shareholders if the holders of at least ten percent of the votes entitled to be cast on any issue proposed to be considered at the meeting demand a meeting under RCW 23B.07.020;

(c) A director need not be a resident of this state or a shareholder of the corporation under RCW 23B.08.020;

(d) The board of directors may fix the compensation of directors under RCW 23B.08.110;

(e) Members of the board of directors may participate in a meeting of the board by any means of similar communication by which all directors participating can hear each other during the meeting under RCW 23B.08.200;

(f) Action permitted or required by this title to be taken at a board of directors’ meeting may be taken without a meeting if action is taken by all members of the board under RCW 23B.08.210;

(g) Regular meetings of the board of directors may be held without notice of the date, time, place, or purpose of the meeting under RCW 23B.08.220;

(h) Special meetings of the board of directors must be preceded by at least two days’ notice of the date, time, and place of the meeting, and the notice need not describe the purpose of the special meeting under RCW 23B.08.220;

(i) A quorum of a board of directors consists of a majority of the number of directors under RCW 23B.08.240;

(j) 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 of directors under RCW 23B.08.240;
(k) A board of directors may create one or more committees and appoint members of the board of directors to serve on them under RCW 23B.08.250; and

(l) Unless approved by the shareholders, a corporation may indemnify, or make advances to, a director for reasonable expenses incurred in the defense of any proceeding to which the director was a party because of being a director only to the extent such action is consistent with RCW 23B.08.500 through 23B.08.580.

(5) The articles of incorporation may contain the following provisions:

(a) The names and addresses of the individuals who are to serve as initial directors;

(b) The par value of any authorized shares or classes of shares;

(c) Provisions not inconsistent with law related to the management of the business and the regulation of the affairs of the corporation;

(d) Any provision that under this title is required or permitted to be set forth in the bylaws;

(e) Provisions not inconsistent with law defining, limiting, and regulating the powers of the corporation, its board of directors, and shareholders;

(f) Provisions authorizing shareholder action to be taken by ((written)) consent of less than all of the shareholders entitled to vote on the action, in accordance with RCW 23B.07.040;

(g) If the articles of incorporation authorize dividing shares into classes, the election of all or a specified number of directors may be effected by the holders of one or more authorized classes of shares under RCW 23B.08.040;

(h) The terms of directors may be staggered under RCW 23B.08.060;

(i) Shares may be redeemable or convertible (i) at the option of the corporation, the shareholder, or another person, or upon the occurrence of a designated event; (ii) for cash, indebtedness, securities, or other property; or (iii) in a designated amount or in an amount determined in accordance with a designated formula or by reference to extrinsic data or events under RCW 23B.06.010; and

(j) A director’s personal liability to the corporation or its shareholders for monetary damages for conduct as a director may be eliminated or limited under RCW 23B.08.320.

(6) The articles of incorporation or the bylaws may contain the following provisions:
(a) A restriction on the transfer or registration of transfer of the corporation’s shares under RCW 23B.06.270;
(b) Shareholders may participate in a meeting of shareholders by any means of communication by which all persons participating in the meeting can hear each other under RCW 23B.07.080;
(c) A quorum of the board of directors may consist of as few as one-third of the number of directors under RCW 23B.08.240;
(d) If the corporation is registered as an investment company under the investment company act of 1940, a provision limiting the requirement to hold an annual meeting of shareholders as provided in RCW 23B.07.010(2); and
(e) If the corporation is registered as an investment company under the investment company act of 1940, a provision establishing terms of directors which terms may be longer than one year as provided in RCW 23B.05.050.
(7) The articles of incorporation need not set forth any of the corporate powers enumerated in this title.

Sec. 12. RCW 23B.02.032 and 1998 c 23 s 6 are each amended to read as follows:
For those corporations that have a certificate of authority, are applying for, or intend to apply for a certificate of authority from the insurance commissioner as an insurance company under chapter 48.05 RCW, whenever under this chapter corporate ((documents)) records are required to be filed with the secretary of state, the ((documents)) records shall be filed with the insurance commissioner rather than the secretary of state.

Sec. 13. RCW 23B.02.050 and 1991 c 72 s 31 are each amended to read as follows:
(1) After incorporation:
(a) 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;
(b) 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.

(2) Action required or permitted by this title to be taken by incorporators at an organizational meeting may be taken without a meeting if the action taken is evidenced by the consent of each of the incorporators in the form of a record describing the action taken and executed by each incorporator.

(3) An organizational meeting may be held in or out of this state.

(4) A corporation’s initial report containing the information described in RCW 23B.16.220(1) must be delivered to the secretary of state within one hundred twenty days of the date on which the corporation’s articles of incorporation were filed.

Sec. 14. RCW 23B.04.035 and 1998 c 23 s 7 are each amended to read as follows:

For those corporations that have a certificate of authority, are applying for, or intend to apply for a certificate of authority from the insurance commissioner as an insurance company under chapter 48.05 RCW, whenever under this chapter corporate records are required to be filed with the secretary of state, the records shall be filed with the insurance commissioner rather than the secretary of state.

Sec. 15. RCW 23B.05.010 and 1989 c 165 s 40 are each amended to read as follows:

(1) Each corporation must continuously maintain in this state:

(a) A registered office that may be the same as any of its places of business. The registered office shall be at a specific geographic location in this state, and be identified by number, if any, and street, or building address or rural route, or, if a commonly known street or rural route address does not exist, by legal description. A registered office may not be identified by post office box number or other nongeographic address. For purposes of communicating by mail, the secretary of state may permit the use of a post office address in conjunction with the registered office address if the corporation also maintains on file the
specific geographic address of the registered office where personal
service of process may be made;

(b) A registered agent that may be:

(i) An individual residing in this state whose business office is
identical with the registered office;

(ii) A domestic corporation or not-for-profit domestic corporation
whose business office is identical with the registered office; ((or))

(iii) A foreign corporation or not-for-profit foreign corporation
authorized to conduct affairs in this state whose business office is
identical with the registered office;

(iv) A domestic limited liability company whose business office is
identical with the registered office; or

(v) A foreign limited liability company authorized to conduct
affairs in this state whose business office is identical with the
registered office.

(2) A registered agent shall not be appointed without having given
prior (written) consent in a record to the appointment. The (written) consent shall be filed with the secretary of state in such
form as the secretary of state may prescribe. The (written) consent
shall be filed with or as a part of the (document) record first
appointing a registered agent. In the event any individual (or),
corporation, or limited liability company has been appointed agent
without consent, that person (or), corporation, or limited liability
comp any file a notarized statement attesting to that fact, and the
name shall (forthwith) immediately be removed from the records of the
secretary of state.

Sec. 16. RCW 23B.05.020 and 1989 c 165 s 41 are each amended to
read as follows:

(1) 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:

(a) The name of the corporation;

(b) If the current registered office is to be changed, the street
address of the new registered office in accord with RCW
23B.05.010(1)(a);

(c) If the current registered agent is to be changed, the name of
the new registered agent and the new agent’s (written) consent in a
record, either on the statement or attached to it in a manner and form as the secretary of state may prescribe, to the appointment; and

(d) That after the change or changes are made, the street addresses of its registered office and the business office of its registered agent will be identical.

(2) If a registered agent changes the street address of the agent’s business office, the registered agent may change the street address of the registered office of any 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,)) of the change either (a) in a written record, or (b) if the corporation has designated an address, location, or system to which the notices may be electronically transmitted and the registered agent electronically transmits the notice to the corporation at the designated address, location, or system, in an electronically transmitted record and delivering to the secretary of state for filing a statement that complies with the requirements of subsection (1) of this section and recites that the corporation has been notified of the change.

Sec. 17. RCW 23B.06.030 and 1989 c 165 s 46 are each amended to read as follows:

(1) A corporation may issue the number of shares of each class or series authorized by the articles of incorporation. Shares that are issued are outstanding shares until they are reacquired, redeemed, converted, or canceled.

(2) The reacquisition, redemption, or conversion of outstanding shares is subject to the limitations of subsection (4) of this section and to RCW 23B.06.400.

(3) Redeemable shares are deemed to have been redeemed and not entitled to vote after notice of redemption is ((mailed)) delivered to the holders in compliance with RCW 23B.01.410 and a sum sufficient to redeem the shares has been deposited with a bank, trust company, or other financial institution under an irrevocable obligation to pay the holders the redemption price on surrender of the shares.

(4) At all times that shares of the corporation are outstanding, one or more shares that together have unlimited voting rights and one or more shares that together are entitled to receive the net assets of the corporation upon dissolution must be outstanding.
Sec. 18. RCW 23B.06.260 and 1989 c 165 s 54 are each amended to read as follows:

(1) Unless the articles of incorporation or bylaws provide otherwise, the board of directors of a corporation may authorize the issue of some or all of the shares of any or all of its classes or series without certificates. The authorization does not affect shares already represented by certificates until they are surrendered to the corporation.

(2) Within a reasonable time after the issue or transfer of shares without certificates, the corporation shall send the shareholder a record containing the information required on certificates by RCW 23B.06.250 (2) and (3), and, if applicable, RCW 23B.06.270.

Sec. 19. RCW 23B.06.300 and 1989 c 165 s 57 are each amended to read as follows:

(1) Unless the articles of incorporation provide otherwise, and subject to the limitations in subsections (3) and (4) of this section, the shareholders of a corporation have a preemptive right, granted on uniform terms and conditions prescribed by the board of directors to provide a fair and reasonable opportunity to exercise the right, to acquire proportional amounts of the corporation’s unissued shares upon the decision of the board of directors to issue them.

(2) Unless the articles of incorporation provide otherwise, a shareholder may waive the shareholder’s preemptive right. A waiver evidenced by an executed record is irrevocable even though it is not supported by consideration.

(3) Unless the articles of incorporation provide otherwise, there is no preemptive right with respect to:

(a) Shares issued as compensation to directors, officers, agents, or employees of the corporation, or its subsidiaries or affiliates;

(b) Shares issued to satisfy conversion or option rights created to provide compensation to directors, officers, agents, or employees of the corporation, or its subsidiaries or affiliates;

(c) Shares issued pursuant to the corporation’s initial plan of financing; and

(d) Shares sold otherwise than for money.

(4) Unless the articles of incorporation provide otherwise:
(a) Holders of shares of any class without general voting rights but with preferential rights to distributions or assets have no preemptive rights with respect to shares of any class; and

(b) Holders of shares of any class with general voting rights but without preferential rights to distributions or assets have no preemptive rights with respect to shares of any class with preferential rights to distributions or assets unless the shares with preferential rights are convertible into or carry a right to subscribe for or acquire shares without preferential rights.

(5) Unless the articles of incorporation provide otherwise, shares subject to preemptive rights that are not acquired by shareholders may be issued to any person for a period of one year after being offered to shareholders at a consideration set by the board of directors that is not lower than the consideration set for the exercise of preemptive rights. An offer at a lower consideration or after the expiration of one year is subject to the shareholders’ preemptive rights.

(6) For purposes of this section, "shares" includes a security convertible into or carrying a right to subscribe for or acquire shares.

Sec. 20. RCW 23B.07.010 and 1994 c 256 s 28 are each amended to read as follows:

(1) Except as provided in subsections (2) and (5) of this section, a corporation shall hold a meeting of shareholders annually for the election of directors at a time stated in or fixed in accordance with the bylaws.

(2)(a) If the articles of incorporation or the bylaws of a corporation registered as an investment company under the investment company act of 1940 so provide, the corporation is not required to hold an annual meeting of shareholders in any year in which the election of directors is not required by the investment company act of 1940.

(b) If a corporation is required under (a) of this subsection to hold an annual meeting of shareholders to elect directors, the meeting shall be held no later than one hundred twenty days after the occurrence of the event requiring the meeting.

(3) Annual shareholders’ 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 meetings shall be held at the corporation’s principal office.
(4) The failure to hold an annual meeting at the time stated in or
fixed in accordance with a corporation’s bylaws does not affect the
validity of any corporate action.

(5) Shareholders may act by consent set forth in a record to elect
directors as permitted by RCW 23B.07.040 in lieu of holding an annual
meeting.

Sec. 21. RCW 23B.07.020 and 1989 c 165 s 61 are each amended to
read as follows:

(1) A corporation shall hold a special meeting of shareholders:
   (a) On call of its board of directors or the person or persons
       authorized to do so by the articles of incorporation or bylaws; or
   (b) Except as set forth in subsections (2) and (3) of this section,
       if the holders of at least ten percent of all the votes entitled to be
       cast on any issue proposed to be considered at the proposed special
       meeting ((sign, date, and)) deliver to the corporation’s secretary one
       or more ((written)) demands set forth in an executed and dated record
       for the meeting describing the purpose or purposes for which it is to
       be held, which demands shall be set forth either (i) in an executed
       record or (ii) if the corporation has designated an address, location,
       or system to which the demands may be electronically transmitted and
       the demands are electronically transmitted to that designated address,
       location, or system, in an executed electronically transmitted record.

   (2) The right of shareholders of a public company to call a special
       meeting may be limited or denied to the extent provided in the articles
       of incorporation.

   (3) If the corporation is other than a public company, the articles
       or bylaws may require the demand specified in subsection (1)(b) of this
       section be made by a greater percentage, not in excess of twenty-five
       percent, of all the votes entitled to be cast on any issue proposed to
       be considered at the proposed special meeting.

   (4) If not otherwise fixed under RCW 23B.07.030 or 23B.07.070, the
       record date for determining shareholders entitled to demand a special
       meeting is the date of delivery of the first shareholder ((signs the))
       demand in compliance with subsection (1) of this section.

   (5) Special shareholders’ 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 or fixed in accordance with the bylaws, special
       meetings shall be held at the corporation’s principal office.
(6) Only business within the purpose or purposes described in the meeting notice required by RCW 23B.07.050(3) may be conducted at a special shareholders’ meeting.

Sec. 22. RCW 23B.07.030 and 1989 c 165 s 62 are each amended to read as follows:

(1) The superior court of the county in which the corporation’s registered office is located may, after notice to the corporation, summarily order a meeting to be held:

(a) On application of any shareholder of the corporation entitled to vote in the election of directors at an annual meeting, if an annual meeting was not held within the earlier of six months after the end of the corporation’s fiscal year or fifteen months after its last annual meeting or action by consent in lieu of such a meeting; or

(b) On application of a shareholder who executed a demand for a special meeting valid under RCW 23B.07.020, if:

(i) Notice of the special meeting was not given within thirty days after the date the demand was delivered to the corporation’s secretary; or

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

(2) The court may, after notice to the corporation, fix the time and place of the meeting, determine the shares and shareholders entitled to participate in the meeting, specify a record date for determining shareholders entitled to notice of and to vote at the meeting, prescribe the manner, 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.

Sec. 23. RCW 23B.07.040 and 1997 c 19 s 2 are each amended to read as follows:

(1)(a) Action required or permitted by this title to be taken at a shareholders’ meeting may be taken without a meeting or a vote if either:

(i) The action is taken by all shareholders entitled to vote on the action; or
(ii) The action is taken by shareholders holding of record or otherwise entitled to vote in the aggregate not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote on the action were present and voted, and at the time the action is taken the corporation is not a public company and is authorized to take such action under this subsection (1)(a)(ii) by a general or limited authorization contained in its articles of incorporation.

(b) The taking of action by shareholders without a meeting or vote must be evidenced by one or more ((written)) consents, each in the form of a record describing the action taken, ((signed)) executed by shareholders holding of record or otherwise entitled to vote in the aggregate not less than the minimum number of votes necessary in order to take such action by ((written)) consent under (a)(i) or (ii) of this subsection, and delivered to the corporation for inclusion in the minutes or filing with the corporate records, which consent shall be set forth either (i) in an executed record or (ii) if the corporation has designated an address, location, or system to which the consent may be electronically transmitted and the consent is electronically transmitted to the designated address, location, or system, in an executed electronically transmitted record.

(2) If not otherwise fixed under RCW 23B.07.030 or 23B.07.070, the record date for determining shareholders entitled to take action without a meeting is the date on which the first shareholder consent is ((signed)) executed under subsection (1) of this section. Every ((written)) consent shall bear the date of ((signature)) execution of each shareholder who ((signs)) executes the consent. A ((written)) consent is not effective to take the action referred to in the consent unless, within sixty days of the earliest dated consent delivered to the corporation, ((written)) consents ((signed)) executed by a sufficient number of shareholders to take action are delivered to the corporation.

(3) A shareholder may withdraw consent only by delivering a ((written)) notice of withdrawal in the form of a record to the corporation prior to the time when consents sufficient to authorize taking the action have been delivered to the corporation.

(4) Unless the ((written)) shareholder consent specifies a later effective date, action taken under this section is effective when: (a) Consents sufficient to authorize taking the action have been delivered
to the corporation; and (b) the period of advance notice required by
the corporation’s articles of incorporation to be given to any
nonconsenting shareholders has been satisfied.

(5) A consent ((signed)) executed under this section has the effect
of a meeting vote and may be described as such in any ((document))
record, except that, if the action requires the filing of a certificate
under any other section of this title, the certificate so filed shall
state, in lieu of any statement required by that section concerning any
vote of shareholders, that ((written)) consent has been obtained in
accordance with this section and that ((written)) notice to any
nonconsenting shareholders has been given as provided in this section.

(6) Notice of the taking of action by shareholders without a
meeting by less than unanimous ((written)) consent of all shareholders
entitled to vote on the action shall be given, before the date on which
the action becomes effective, to those shareholders entitled to vote on
the action who have not consented ((in writing)) and, if this title
would otherwise require that notice of a meeting of shareholders to
consider the action be given to nonvoting shareholders, to all
nonvoting shareholders of the corporation. The general or limited
authorization in the corporation’s articles of incorporation
authorizing shareholder action by less than unanimous ((written))
consent shall specify the amount and form of notice required to be
given to nonconsenting shareholders before the effective date of the
action. In the case of action of a type that would constitute a
significant business transaction under RCW 23B.19.020(15), the notice
shall be given no fewer than twenty days before the effective date of
the action. The notice shall be in ((writing)) the form of a record
and shall contain or be accompanied by the same material that, under
this title, would have been required to be ((sent)) delivered to
nonconsenting or nonvoting shareholders in a notice of meeting at which
the proposed action would have been submitted for shareholder action.
If the action taken is of a type that would entitle shareholders to
exercise dissenters’ rights under RCW 23B.13.020(1), then the notice
must comply with RCW 23B.13.220(2), RCW 23B.13.210 shall not apply, and
all shareholders who have not ((signed)) executed the consent taking
the action are entitled to receive the notice, demand payment under RCW
23B.13.230, and assert other dissenters’ rights as prescribed in
chapter 23B.13 RCW.
Sec. 24. RCW 23B.07.060 and 1991 c 72 s 34 are each amended to read as follows:

(1) A shareholder may waive any notice required by this title, the articles of incorporation, or bylaws before or after the date and time of the meeting that is the subject of such notice, or in the case of notice required by RCW 23B.07.040(6), before or after the action to be taken by ((written)) executed consent is effective. Except as provided by subsections (2) and (3) of this section, the waiver must be ((in writing, be signed by the shareholder entitled to the notice, and be)) delivered by the shareholder entitled to notice to the corporation for inclusion in the minutes or filing with the corporate records, which waiver shall be set forth either (a) in an executed and dated record or (b) if the corporation has designated an address, location, or system to which the waiver may be electronically transmitted and the waiver is electronically transmitted to the designated address, location, or system, in an executed and dated electronically transmitted record.

(2) A shareholder’s attendance at a meeting waives objection to lack of notice or defective notice of the meeting, unless the shareholder at the beginning of the meeting objects to holding the meeting or transacting business at the meeting.

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

Sec. 25. RCW 23B.07.220 and 2000 c 168 s 2 are each amended to read as follows:

(1) A shareholder may vote the shareholder’s shares in person or by proxy.

(2) A shareholder or the shareholder’s agent or attorney-in-fact may appoint a proxy to vote or otherwise act for the shareholder by:

(a) Executing a writing authorizing another person or persons to act for the shareholder as proxy. Execution may be accomplished by the shareholder or the shareholder’s authorized officer, director, employee, or agent signing the writing or causing his or her signature to be affixed to the writing by any reasonable means including, but not limited to, by facsimile signature; or 

(b) Authorizing another person or persons to act for the shareholder as proxy by transmitting or authorizing the transmission of
((an)) a recorded telephone call, voice mail, or other electronic transmission to the person who will be the holder of the proxy or to a proxy solicitation firm, proxy support service organization, or like agent duly authorized by the person who will be the holder of the proxy to receive the transmission, provided that the ((electronic)) transmission must either set forth or be submitted with information, including any security or validation controls used, from which it can reasonably be determined that the ((electronic)) transmission was authorized by the shareholder. If it is determined that the ((electronic)) transmission is valid, the inspectors of election or, if there are no inspectors, any officer or agent of the corporation making that determination on behalf of the corporation shall specify the information upon which they relied. The corporation shall require the holders of proxies received by ((electronic)) transmission to provide to the corporation copies of the ((electronic)) transmission and the corporation shall retain copies of the ((electronic)) transmission for a reasonable period of time after the election provided that they are retained for at least sixty days.

(3) An appointment of a proxy is effective when a signed appointment form or telegram, cablegram, recorded telephone call, voicemail, or other ((electronic)) transmission of the appointment is received by the inspectors of election or the officer or agent of the corporation authorized to tabulate votes. An appointment is valid for eleven months unless a longer period is expressly provided in the appointment.

(4) An appointment of a proxy is revocable by the shareholder unless the appointment indicates that it is irrevocable and the appointment is coupled with an interest. Appointments coupled with an interest include the appointment of:

(a) A pledgee;
(b) A person who purchased or agreed to purchase the shares;
(c) A creditor of the corporation who extended it credit under terms requiring the appointment;
(d) An employee of the corporation whose employment contract requires the appointment; or
(e) A party to a voting agreement created under RCW 23B.07.310.

(5) The death or incapacity of the shareholder 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
officer or agent of the corporation authorized to tabulate votes before
the proxy exercises the proxy’s authority under the appointment.

(6) An appointment made irrevocable under subsection (4) of this
section is revoked when the interest with which it is coupled is
extinguished.

(7) A transferee for value of shares subject to an irrevocable
appointment may revoke the appointment if the transferee did not know
of its existence when the transferee acquired the shares and the
existence of the irrevocable appointment was not noted conspicuously on
the certificate representing the shares or on the information statement
for shares without certificates.

(8) Subject to RCW 23B.07.240 and to any express limitation on the
proxy’s authority stated in the appointment form or recorded telephone
call, voice mail, or other electronic transmission, a corporation is
entitled to accept the proxy’s vote or other action as that of the
shareholder making the appointment.

(9) For the purposes of this section only, "sign" or "signature"
includes any manual, facsimile, conformed, or electronic signature.

Sec. 26. RCW 23B.07.240 and 2000 c 168 s 3 are each amended to
read as follows:

(1) If the name ((signed)) executed on a vote, consent, waiver, or
proxy appointment corresponds to the name of a shareholder, 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 shareholder.

(2) If the name ((signed)) executed on a vote, consent, waiver, or
proxy appointment does not correspond to the name of its shareholder,
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 shareholder if:

(a) The shareholder is an entity and the name ((signed)) executed
purports to be that of an officer, partner, or agent of the entity;

(b) The name ((signed)) executed purports to be that of an
administrator, executor, guardian, or conservator representing the
shareholder 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;
(c) The name (signed) executed purports to be that of a receiver or trustee in bankruptcy of the shareholder 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;

(d) The name (signed) executed purports to be that of a pledgee, beneficial owner, or attorney-in-fact of the shareholder and, if the corporation requests, evidence acceptable to the corporation of the signatory’s authority to sign for the shareholder has been presented with respect to the vote, consent, waiver, or proxy appointment; or

(e) Two or more persons are the shareholder as cotenants or fiduciaries and the name (signed) executed purports to be the name of at least one of the coowners and the person signing appears to be acting on behalf of all the coowners.

(3) 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 shareholder) its execution.

(4) 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 or RCW 23B.07.220(2) are not liable in damages to the shareholder for the consequences of the acceptance or rejection.

(5) Corporate action based on the acceptance or rejection of a vote, consent, waiver, or proxy appointment under this section, or RCW 23B.07.220(2) is valid unless a court of competent jurisdiction determines otherwise.

Sec. 27. RCW 23B.08.030 and 1994 c 256 s 29 are each amended to read as follows:

(1) A board of directors must consist of one or more individuals, with the number specified in or fixed in accordance with the articles of incorporation or bylaws.

(2) Directors are elected at the first annual shareholders’ meeting and at each annual meeting thereafter unless (a) their terms are staggered under RCW 23B.08.060, or (b) their terms are otherwise governed by RCW 23B.05.050. Directors also may be elected by consent action under RCW 23.07.040.
Sec. 28. RCW 23B.08.070 and 1989 c 165 s 86 are each amended to read as follows:

(1) A director may resign at any time by delivering an executed notice to the board of directors, its chairperson, the president, or the secretary.

(2) A resignation is effective when the notice is delivered unless the notice specifies a later effective date.

Sec. 29. RCW 23B.08.210 and 1989 c 165 s 92 are each amended to read as follows:

(1) Unless the articles of incorporation or bylaws provide otherwise, action required or permitted by this title 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, executed by each director either before or after the action taken, and delivered to the corporation for inclusion in the minutes or filing with the corporate records, each of which consents shall be set forth either (a) in an executed record or (b) if the corporation has designated an address, location, or system to which the consents may be electronically transmitted and the consent is electronically transmitted to the designated address, location, or system, in an executed electronically transmitted record.

(2) Action taken under this section is effective when the last director executes the consent, unless the consent specifies a later effective date.

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

Sec. 30. RCW 23B.08.230 and 1989 c 165 s 94 are each amended to read as follows:

(1) A director may waive any notice required by this title, the articles of incorporation, or bylaws before or after the date and time stated in the notice, and such waiver shall be equivalent to the giving of such notice. Except as provided by subsection (2) of this section, the waiver must be delivered by the director entitled to the notice to the corporation for inclusion in the minutes or filing with the corporate records, which waiver shall be set forth either (a) in an executed record or (b) if
the corporation has designated an address, location, or system to which
the waiver may be electronically transmitted and the waiver has been
electronically transmitted to the designated address, location, or
system, in an executed electronically transmitted record.

(2) A director’s attendance at or participation in a meeting waives
any required notice to the director of the meeting unless the director
at the beginning of the meeting, or promptly upon the director’s
arrival, objects to holding the meeting or transacting business at the
meeting and does not thereafter vote for or assent to action taken at
the meeting.

Sec. 31. RCW 23B.08.240 and 1991 c 72 s 35 are each amended to
read as follows:

(1) Unless the articles of incorporation or bylaws require a
greater or lesser number, a quorum of a board of directors consists of
a majority of the number of directors specified in or fixed in
accordance with the articles of incorporation or bylaws.

(2) Notwithstanding subsection (1) of this section, a quorum of a
board of directors may in no event be less than one-third of the number
of directors specified in or fixed in accordance with the articles of
incorporation or bylaws.

(3) 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 of
directors unless the articles of incorporation or bylaws require the
vote of a greater number of directors.

(4) A director who is present at a meeting of the board of
directors when action is taken is deemed to have assented to the action
taken unless: (a) The director objects at the beginning of the
meeting, or promptly upon the director’s arrival, to holding it or
transacting business at the meeting; (b) the director’s dissent or
abstention from the action taken is entered in the minutes of the
meeting; or (c) the director delivers ((written)) notice of the
director’s dissent or abstention to the presiding officer of the
meeting before its adjournment or to the corporation within a
reasonable time after adjournment of the meeting. The right of dissent
or abstention is not available to a director who votes in favor of the
action taken.
Sec. 32. RCW 23B.08.600 and 1989 c 165 s 115 are each amended to read as follows:
If a corporation indemnifies or advances expenses to a director under RCW 23B.08.510, 23B.08.520, 23B.08.530, 23B.08.540, or 23B.08.560 in connection with a proceeding by or in the right of the corporation, the corporation shall report the indemnification or advance in the form of a notice to the shareholders delivered with or before the notice of the next shareholders’ meeting.

Sec. 33. RCW 23B.10.012 and 1998 c 23 s 9 are each amended to read as follows:
For those corporations that have a certificate of authority, are applying for, or intend to apply for a certificate of authority from the insurance commissioner as an insurance company under chapter 48.05 RCW, whenever under this chapter corporate records are required to be filed with the secretary of state, the records shall be filed with the insurance commissioner rather than the secretary of state.

Sec. 34. RCW 23B.11.040 and 1989 c 165 s 134 are each amended to read as follows:
(1) A parent corporation owning at least ninety percent of the outstanding shares of each class of a subsidiary corporation may merge the subsidiary into itself without approval of the shareholders of the parent or subsidiary.
(2) The board of directors of the parent shall adopt a plan of merger that sets forth:
   (a) The names of the parent and subsidiary; and
   (b) The manner and basis of converting the shares of the subsidiary into shares, obligations, or other securities of the parent or any other corporation or into cash or other property in whole or part.
(3) Within ten days after the corporate action is taken, the parent shall deliver a notice to each shareholder of the subsidiary, which notice shall include a copy of the plan of merger.
(4) Articles of merger under this section may not contain amendments to the articles of incorporation of the parent corporation, except for amendments enumerated in RCW 23B.10.020.
Sec. 35. RCW 23B.13.030 and 1989 c 165 s 142 are each amended to read as follows:

(1) A record shareholder may assert dissenters’ rights as to fewer than all the shares registered in the shareholder’s name only if the shareholder dissents with respect to all shares beneficially owned by any one person and (notifies) delivers to the corporation (in writing) a notice of the name and address of each person on whose behalf the shareholder asserts dissenters’ rights. The rights of a partial dissenter under this subsection are determined as if the shares as to which the dissenter dissents and the dissenter’s other shares were registered in the names of different shareholders.

(2) A beneficial shareholder may assert dissenters’ rights as to shares held on the beneficial shareholder’s behalf only if:

(a) The beneficial shareholder submits to the corporation the record shareholder’s (written) consent to the dissent not later than the time the beneficial shareholder asserts dissenters’ rights, which consent shall be set forth either (i) in a record or (ii) if the corporation has designated an address, location, or system to which the consent may be electronically transmitted and the consent is electronically transmitted to the designated address, location, or system, in an electronically transmitted record; and

(b) The beneficial shareholder does so with respect to all shares of which such shareholder is the beneficial shareholder or over which such shareholder has power to direct the vote.

Sec. 36. RCW 23B.13.200 and 1989 c 165 s 143 are each amended to read as follows:

(1) If proposed corporate action creating dissenters’ rights under RCW 23B.13.020 is submitted to a vote at a shareholders’ meeting, the meeting notice must state that shareholders are or may be entitled to assert dissenters’ rights under this chapter and be accompanied by a copy of this chapter.

(2) If corporate action creating dissenters’ rights under RCW 23B.13.020 is taken without a vote of shareholders, the corporation, within ten days after (the) the effective date of such corporate action, shall (notify in writing) deliver a notice to all shareholders entitled to assert dissenters’ rights that the action was taken and send them the (dissenters’) notice described in RCW 23B.13.220.
Sec. 37. RCW 23B.13.210 and 1989 c 165 s 144 are each amended to read as follows:

(1) If proposed corporate action creating dissenters’ rights under RCW 23B.13.020 is submitted to a vote at a shareholders’ meeting, a shareholder who wishes to assert dissenters’ rights must (a) deliver to the corporation before the vote is taken (written) notice of the shareholder’s intent to demand payment for the shareholder’s shares if the proposed action is effected, and (b) not vote such shares in favor of the proposed action.

(2) A shareholder who does not satisfy the requirements of subsection (1) of this section is not entitled to payment for the shareholder’s shares under this chapter.

Sec. 38. RCW 23B.13.220 and 1989 c 165 s 145 are each amended to read as follows:

(1) If proposed corporate action creating dissenters’ rights under RCW 23B.13.020 is authorized at a shareholders’ meeting, the corporation shall deliver a ((written dissenters')) notice to all shareholders who satisfied the requirements of RCW 23B.13.210.

(2) The ((dissenters')) notice must be sent within ten days after the effective date of the corporate action, and must:

   (a) State where the payment demand must be sent and where and when certificates for certificated shares must be deposited;

   (b) Inform holders of uncertificated shares to what extent transfer of the shares will be restricted after the payment demand is received;

   (c) Supply a form for demanding payment that includes the date of the first announcement to news media or to shareholders of the terms of the proposed corporate action and requires that the person asserting dissenters’ rights certify whether or not the person acquired beneficial ownership of the shares before that date;

   (d) Set a date by which the corporation must receive the payment demand, which date may not be fewer than thirty nor more than sixty days after the date the notice in subsection (1) of this section is delivered; and

   (e) Be accompanied by a copy of this chapter.

Sec. 39. RCW 23B.13.230 and 1989 c 165 s 146 are each amended to read as follows:
(1) A shareholder sent a ((dissenters')) notice described in RCW 23B.13.220 must demand payment, certify whether the shareholder acquired beneficial ownership of the shares before the date required to be set forth in the ((dissenters')) notice pursuant to RCW 23B.13.220(2)(c), and deposit the shareholder’s certificates, all in accordance with the terms of the notice.

(2) The shareholder who demands payment and deposits the shareholder’s share certificates under subsection (1) of this section retains all other rights of a shareholder until the proposed corporate action is effected.

(3) A shareholder who does not demand payment or deposit the shareholder’s share certificates where required, each by the date set in the ((dissenters')) notice, is not entitled to payment for the shareholder’s shares under this chapter.

Sec. 40. RCW 23B.13.280 and 1989 c 165 s 151 are each amended to read as follows:

(1) A dissenter may ((notify)) deliver a notice to the corporation informing the corporation ((in writing)) of the dissenter’s own estimate of the fair value of the dissenter’s shares and amount of interest due, and demand payment of the dissenter’s estimate, less any payment under RCW 23B.13.250, or reject the corporation’s offer under RCW 23B.13.270 and demand payment of the dissenter’s estimate of the fair value of the dissenter’s shares and interest due, if:

(a) The dissenter believes that the amount paid under RCW 23B.13.250 or offered under RCW 23B.13.270 is less than the fair value of the dissenter’s shares or that the interest due is incorrectly calculated;

(b) The corporation fails to make payment under RCW 23B.13.250 within sixty days after the date set for demanding payment; or

(c) The corporation does not effect the proposed action and does not return the deposited certificates or release the transfer restrictions imposed on uncertificated shares within sixty days after the date set for demanding payment.

(2) A dissenter waives the right to demand payment under this section unless the dissenter notifies the corporation of the dissenter’s demand ((in writing)) under subsection (1) of this section within thirty days after the corporation made or offered payment for the dissenter’s shares.
Sec. 41. RCW 23B.14.392 and 1998 c 23 s 10 are each amended to read as follows:

For those corporations that have a certificate of authority, are applying for, or intend to apply for a certificate of authority from the insurance commissioner as an insurance company under chapter 48.05 RCW, whenever under this chapter corporate records are required to be filed with the secretary of state, the records shall be filed with the insurance commissioner rather than the secretary of state.

Sec. 42. RCW 23B.15.032 and 1998 c 23 s 11 are each amended to read as follows:

For those corporations that have a certificate of authority, are applying for, or intend to apply for a certificate of authority from the insurance commissioner as an insurance company under chapter 48.05 RCW, whenever under this chapter corporate records are required to be filed with the secretary of state, the records shall be filed with the insurance commissioner rather than the secretary of state.

Sec. 43. RCW 23B.15.070 and 1989 c 165 s 175 are each amended to read as follows:

(1) Each foreign corporation authorized to transact business in this state must continuously maintain in this state:

(a) A registered office which may be, but need not be, the same as its place of business in this state. The registered office shall be at a specific geographic location in this state, and be identified by number, if any, and street, building address, or rural route, or, if a commonly known street or rural route address does not exist, by legal description. A registered office may not be identified by post office box number or other nongeographic address. For purposes of communicating by mail, the secretary of state may permit the use of a post office address in the same city as the registered office to be used in conjunction with the registered office address if the corporation also maintains on file the specific geographic address of the registered office where personal service of process may be made.

(b) A registered agent, who may be:

(i) An individual who resides in this state and whose business office is identical with the registered office;
(ii) A domestic corporation or not-for-profit domestic corporation whose business office is identical with the registered office; (or)

(iii) A foreign corporation or foreign not-for-profit corporation authorized to transact business or conduct affairs in this state whose business office is identical with the registered office;

(iv) A domestic limited liability company whose business office is identical with the registered office; or

(v) A foreign limited liability company authorized to conduct affairs in this state whose business office is identical with the registered office.

(2) A registered agent shall not be appointed without having given prior written consent in a record to the appointment. The written consent shall be filed with the secretary of state in such form as the secretary of state may prescribe. The written consent shall be filed with or as a part of the document record first appointing a registered agent. In the event any individual, corporation, or limited liability company has been appointed agent without consent, that person, corporation, or limited liability company may file a notarized statement attesting to that fact, and the name shall forthwith be removed from the records.

Sec. 44. RCW 23B.15.080 and 1989 c 165 s 176 are each amended to read as follows:

(1) 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:

(a) Its name;

(b) If the current registered office is to be changed, the street address of its new registered office;

(c) 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 in the manner and form as the secretary of state may prescribe, to the appointment; and

(d) That, after the change or changes are made, the street addresses of its registered office and the business office of its registered agent will be identical.

(2) If a registered agent changes the street address of the agent’s business office, the registered agent may change the street 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,)) of the change
either (a) in a record or (b) if the corporation has designated an
address, location, or system to which the notices may be electronically
transmitted and the registered agent electronically transmits the
notice to the corporation at the designated address, location, or
system, in an electronically transmitted record, and delivering to the
secretary of state for filing a statement of change that complies with
the requirements of subsection (1) of this section and recites that the
corporation has been notified of the change.

Sec. 45.  RCW 23B.16.010 and 1991 c 72 s 40 are each amended to
read as follows:
(1) A corporation shall keep as permanent records minutes of all
meetings of its shareholders and board of directors, a record of all
actions taken by the shareholders or board of directors without a
meeting, and a record of all actions taken by a committee of the board
of directors exercising the authority of the board of directors on
behalf of the corporation.
(2) A corporation shall maintain appropriate accounting records.
(3) A corporation or its agent shall maintain a record of its
shareholders, in a form that permits preparation of a list of the names
and addresses of all shareholders, in alphabetical order by class of
shares showing the number and class of shares held by each.
(4) A corporation shall maintain its records in written form or in
another form capable of conversion into written form within a
reasonable time.
(5) A corporation shall keep a copy of the following records at its
principal office:
(a) Its articles or restated articles of incorporation and all
amendments to them currently in effect;
(b) Its bylaws or restated bylaws and all amendments to them
currently in effect;
(c) The minutes of all shareholders’ meetings, and records of all
action taken by shareholders without a meeting, for the past three
years;
(d) The financial statements described in RCW 23B.16.200(1), for
the past three years;
(e) All \((\text{written})\) communications \textit{in the form of a record} to
shareholders generally within the past three years;

(f) A list of the names and business addresses of its current
directors and officers; and

(g) Its initial report or most recent annual report delivered to
the secretary of state under RCW 23B.16.220.

Sec. 46. RCW 23B.16.020 and 1989 c 165 s 183 are each amended to
read as follows:

(1) A shareholder of a corporation is entitled to inspect and copy,
during regular business hours at the corporation’s principal office,
any of the records of the corporation described in RCW 23B.16.010(5) if
the shareholder gives the corporation \((\text{written})\) notice of the
shareholder’s demand at least five business days before the date on
which the shareholder wishes to inspect and copy.

(2) A shareholder of a corporation is entitled to inspect and copy,
during regular business hours at a reasonable location specified by the
corporation, any of the following records of the corporation if the
shareholder meets the requirements of subsection (3) of this section
and gives the corporation \((\text{written})\) notice of the shareholder’s
demand at least five business days before the date on which the
shareholder wishes to inspect and copy:

(a) Excerpts from minutes of any meeting of the board of directors,
records of any action of a committee of the board of directors while
exercising the authority of the board of directors, minutes of any
meeting of the shareholders, and records of action taken by the
shareholders or board of directors without a meeting, to the extent not
subject to inspection under subsection (1) of this section;

(b) Accounting records of the corporation; and

(c) The record of shareholders.

(3) A shareholder may inspect and copy the records described in
subsection (2) of this section only if:

(a) The shareholder’s demand is made in good faith and for a proper
purpose;

(b) The shareholder describes with reasonable particularity the
shareholder’s purpose and the records the shareholder desires to
inspect; and

(c) The records are directly connected with the shareholder’s
purpose.
(4) The right of inspection granted by this section may not be abolished or limited by a corporation’s articles of incorporation or bylaws.

(5) This section does not affect:
   (a) The right of a shareholder to inspect records under RCW 23B.07.200 or, if the shareholder is in litigation with the corporation, to the same extent as any other litigant; or
   (b) The power of a court, independently of this title, to compel the production of corporate records for examination.

(6) For purposes of this section, "shareholder" includes a beneficial owner whose shares are held in a voting trust or by a nominee on the beneficial owner’s behalf.

Sec. 47. RCW 23B.16.200 and 1989 c 165 s 186 are each amended to read as follows:

(1) Not later than four months after the close of each fiscal year, and in any event prior to the annual meeting of shareholders, each corporation shall prepare (a) a balance sheet showing in reasonable detail the financial condition of the corporation as of the close of its fiscal year, and (b) an income statement showing the results of its operation during its fiscal year. Such statements may be consolidated or combined statements of the corporation and one or more of its subsidiaries, as appropriate. If financial statements are prepared by the corporation for any purpose on the basis of generally accepted accounting principles, the annual statements must also be prepared, and disclose that they are prepared, on that basis. If financial statements are prepared only on a basis other than generally accepted accounting principles, they must be prepared, and disclose that they are prepared, on the same basis as other reports and statements prepared by the corporation for the use of others.

(2) Upon ((written)) request, the corporation shall promptly ((mail)) deliver to any shareholder a copy of the most recent balance sheet and income statement, which request shall be set forth either (a) in a written record or (b) if the corporation has designated an address, location, or system to which the request may be electronically transmitted and the request is electronically transmitted to the corporation at the designated address, location, or system, in an electronically transmitted record. If prepared for other purposes, the corporation shall also furnish upon ((written)) the request a statement
of sources and applications of funds, and a statement of changes in shareholders’ equity, for the most recent fiscal year.

(3) If the annual financial statements are reported upon by a public accountant, the accountant’s report must accompany them. If not, the statements must be accompanied by a statement of the president or the person responsible for the corporation’s accounting records:

(a) Stating the person’s reasonable belief whether the statements were prepared on the basis of generally accepted accounting principles and, if not, describing the basis of preparation; and

(b) Describing any respects in which the statements were not prepared on a basis of accounting consistent with the basis used for statements prepared for the preceding year.

(4) For purposes of this section, "shareholder" includes a beneficial owner whose shares are held in a voting trust or by a nominee on the beneficial owner’s behalf.

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