
SENATE BILL 6277

State of Washington

53rd Legislature

1994 Regular Session

By Senators Haugen, Winsley and M. Rasmussen; by request of Secretary of State

Read first time 01/18/94. Referred to Committee on Law & Justice.

1 AN ACT Relating to corporations; and amending RCW 24.03.030,
2 24.03.070, and 24.03.265.

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

4 **Sec. 1.** RCW 24.03.030 and 1986 c 240 s 4 are each amended to read
5 as follows:

6 A corporation subject to this chapter:

7 (1) Shall not have or issue shares of stock;

8 (2) Shall not make any disbursement of income to its members,
9 directors, or officers;

10 (3) Shall not loan money or credit to its officers or directors;

11 (4) May pay compensation in a reasonable amount to its members,
12 directors, or officers for services rendered;

13 (5) May confer benefits upon its members in conformity with its
14 purposes; ((and))

15 (6) That has the authority through its articles of incorporation
16 and bylaws to make and collect assessments based on the value of all or
17 part of the real property owned by members of the corporation, shall
18 not make the assessments except where the assessments are approved by
19 a majority vote of the members at an annual or special meeting held

1 under RCW 24.03.075 and to which notice of the intent to adopt an
2 assessment has been delivered to all of the members, who are entitled
3 to vote, not less than ten days nor more than fifty days before the
4 date of the meeting either personally or by mail; and

5 (7) Upon dissolution or final liquidation may make distributions to
6 its members as permitted by this chapter, and no such payment, benefit,
7 or distribution shall be deemed to be a dividend or a distribution of
8 income.

9 **Sec. 2.** RCW 24.03.070 and 1991 c 72 s 43 are each amended to read
10 as follows:

11 The initial bylaws of a corporation shall be adopted by its board
12 of directors. The power to alter, amend, or repeal the bylaws or adopt
13 new bylaws shall be vested in the board of directors unless otherwise
14 provided in the articles of incorporation or the bylaws. The bylaws
15 may contain any provisions for the regulation and management of the
16 affairs of a corporation not inconsistent with law or the articles of
17 incorporation. The bylaws of any corporation that has the authority
18 through its articles of incorporation to make and collect assessments
19 based on the value of all or part of the real property owned by members
20 of the corporation, shall include provisions, consistent with RCW
21 24.03.030(6), for voting on the assessments and notice of the annual or
22 special meetings at which the assessments are to be considered and
23 approved. The board may adopt emergency bylaws in the manner provided
24 by RCW 23B.02.070.

25 **Sec. 3.** RCW 24.03.265 and 1986 c 240 s 39 are each amended to read
26 as follows:

27 Superior courts shall have full power to liquidate the assets and
28 affairs of a corporation:

29 (1) In an action by a member, director, or the attorney general
30 when it is made to appear:

31 (a) That the directors are deadlocked in the management of the
32 corporate affairs and that irreparable injury to the corporation is
33 being suffered or is threatened by reason thereof, and either that the
34 members are unable to break the deadlock or there are no members having
35 voting rights; or

36 (b) That the acts of the directors or those in control of the
37 corporation are illegal, oppressive or fraudulent; or

1 (c) That the corporate assets are being misapplied or wasted; or
2 (d) A corporation has made, collected, or attempted to collect
3 assessments based on the value of all or part of the real property
4 owned by members of the corporation without an express authority to
5 make the assessments in its articles of incorporation or without proper
6 notice or approval as required under RCW 24.03.030 and 24.03.080 or in
7 violation of the provisions of its bylaws; or
8 (e) That the corporation is unable to carry out its purposes.
9 (2) In an action by a creditor:
10 (a) When the claim of the creditor has been reduced to judgment and
11 an execution thereon has been returned unsatisfied and it is
12 established that the corporation is insolvent; or
13 (b) When the corporation has admitted in writing that the claim of
14 the creditor is due and owing and it is established that the
15 corporation is insolvent.
16 (3) Upon application by a corporation to have its dissolution
17 continued under the supervision of the court.
18 (4) When an action has been filed by the attorney general to
19 dissolve a corporation under the provisions of this chapter and it is
20 established that liquidation of its affairs should precede the entry of
21 a decree of dissolution.
22 Proceedings under subsections (1), (2), or (3) of this section
23 shall be brought in the county in which the registered office or the
24 principal office of the corporation is situated.
25 It shall not be necessary to make directors or members parties to
26 any ((such)) action or proceedings unless relief is sought against them
27 personally.

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