

CERTIFICATION OF ENROLLMENT

**SUBSTITUTE HOUSE BILL 2320**

Chapter 167, Laws of 2000

56th Legislature  
2000 Regular Session

NONPROFIT AND MISCELLANEOUS AND MUTUAL CORPORATIONS--ELECTRONIC  
COMMUNICATIONS

EFFECTIVE DATE: 6/8/00

Passed by the House February 8, 2000  
Yeas 97 Nays 0

CLYDE BALLARD  
**Speaker of the House of Representatives**

FRANK CHOPP  
**Speaker of the House of Representatives**

Passed by the Senate March 1, 2000  
Yeas 44 Nays 0

BRAD OWEN  
**President of the Senate**

Approved March 27, 2000

GARY LOCKE  
**Governor of the State of Washington**

CERTIFICATE

We, Timothy A. Martin and Cynthia Zehnder, Co-Chief Clerks of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 2320** as passed by the House of Representatives and the Senate on the dates hereon set forth.

TIMOTHY A. MARTIN  
**Chief Clerk**

CYNTHIA ZEHNDER  
**Chief Clerk**

FILED

March 27, 2000 - 4:45 p.m.

**Secretary of State  
State of Washington**

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**SUBSTITUTE HOUSE BILL 2320**

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Passed Legislature - 2000 Regular Session

**State of Washington                      56th Legislature                      2000 Regular Session**

**By** House Committee on Judiciary (originally sponsored by Representatives Lantz, Esser, Constantine, Hurst and Ruderman)

Read first time 02/03/2000. Referred to Committee on .

1            AN ACT Relating to the authorization and application of electronic  
2 notice and electronic proxies to the nonprofit miscellaneous and mutual  
3 corporations act; and amending RCW 24.06.005, 24.06.095, 24.06.105,  
4 24.06.110, 24.06.115, 24.06.190, 24.06.195, 24.06.220, 24.06.225,  
5 24.06.240, 24.06.250, 24.06.260, 24.06.270, and 24.06.275.

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

7            **Sec. 1.** RCW 24.06.005 and 1982 c 35 s 118 are each amended to read  
8 as follows:

9            As used in this chapter, unless the context otherwise requires, the  
10 term:

11            (1) "Corporation" or "domestic corporation" means a mutual  
12 corporation or miscellaneous corporation subject to the provisions of  
13 this chapter, except a foreign corporation.

14            (2) "Foreign corporation" means a mutual or miscellaneous  
15 corporation or other corporation organized under laws other than the  
16 laws of this state which would be subject to the provisions of this  
17 chapter if organized under the laws of this state.

1 (3) "Mutual corporation" means a corporation organized to  
2 accomplish one or more of its purposes on a mutual basis for members  
3 and other persons.

4 (4) "Miscellaneous corporation" means any corporation which is  
5 organized for a purpose or in a manner not provided for by the  
6 Washington business corporation act or by the Washington nonprofit  
7 corporation act, and which is not required to be organized under other  
8 laws of this state.

9 (5) "Articles of incorporation" includes the original articles of  
10 incorporation and all amendments thereto, and includes articles of  
11 merger.

12 (6) "Bylaws" means the code or codes of rules adopted for the  
13 regulation or management of the affairs of the corporation irrespective  
14 of the name or names by which such rules are designated.

15 (7) "Member" means one having membership rights in a corporation in  
16 accordance with provisions of its articles of incorporation or bylaws.

17 (8) "Stock" or "share" means the units into which the proprietary  
18 interests of a corporation are divided in a corporation organized with  
19 stock.

20 (9) "Stockholder" or "shareholder" means one who is a holder of  
21 record of one or more shares in a corporation organized with stock.

22 (10) "Board of directors" means the group of persons vested with  
23 the management of the affairs of the corporation irrespective of the  
24 name by which such group is designated.

25 (11) "Insolvent" means inability of a corporation to pay debts as  
26 they become due in the usual course of its affairs.

27 (12) "Duplicate originals" means two copies, original or otherwise,  
28 each with original signatures, or one original with original signatures  
29 and one copy thereof.

30 (13) "Conforms to law" as used in connection with duties of the  
31 secretary of state in reviewing documents for filing under this  
32 chapter, means the secretary of state has determined the document  
33 complies as to form with the applicable requirements of this chapter.

34 (14) "Effective date" means, in connection with a document filing  
35 made by the secretary of state, the date which is shown by affixing a  
36 "filed" stamp on the documents. When a document is received for filing  
37 by the secretary of state in a form which complies with the  
38 requirements of this chapter and which would entitle the document to be  
39 filed immediately upon receipt, but the secretary of state's approval

1 action occurs subsequent to the date of receipt, the secretary of  
2 state's filing date shall relate back to the date on which the  
3 secretary of state first received the document in acceptable form. An  
4 applicant may request a specific effective date no more than thirty  
5 days later than the receipt date which might otherwise be applied as  
6 the effective date.

7 (15) "Executed by an officer of the corporation," or words of  
8 similar import, means that any document signed by such person shall be  
9 and is signed by that person under penalties of perjury and in an  
10 official and authorized capacity on behalf of the corporation or person  
11 making the document submission with the secretary of state.

12 (16) "An officer of the corporation" means, in connection with the  
13 execution of documents submitted for filing with the secretary of  
14 state, the president, a vice president, the secretary, or the treasurer  
15 of the corporation.

16 (17) "Electronic transmission" or "electronically transmitted"  
17 means any process of electronic communication not directly involving  
18 the physical transfer of paper that is suitable for the retention,  
19 retrieval, and reproduction of the transmitted information by the  
20 recipient. However, such an electronic transmission must either set  
21 forth or be submitted with information, including any security or  
22 validation controls used, from which it can reasonably be determined  
23 that the electronic transmission was authorized by, as applicable, the  
24 corporation or shareholder or member by or on behalf of which the  
25 electronic transmission was sent.

26 **Sec. 2.** RCW 24.06.095 and 1970 ex.s. c 78 s 1 are each amended to  
27 read as follows:

28 The initial bylaws of a corporation shall be adopted by its board  
29 of directors. The power to alter, amend or repeal the bylaws or adopt  
30 new bylaws shall be vested in the board of directors unless otherwise  
31 provided in the articles of incorporation or the bylaws. The bylaws  
32 may contain any provisions for the regulation and management of the  
33 affairs of a corporation not inconsistent with law or the articles of  
34 incorporation: PROVIDED, That where the bylaws of an existing  
35 corporation prohibit voting by mail, by electronic transmission, or by  
36 proxy or attorney-in-fact, and the quorum required by its bylaws for  
37 election of directors or transaction of other business has not been  
38 obtained at a shareholders' or members' meeting, for a period which

1 includes at least two consecutive annual meeting dates, the board of  
2 directors shall have power to amend such bylaws to thereafter authorize  
3 voting by mail, by electronic transmission, or by proxy or attorney-in-  
4 fact.

5 **Sec. 3.** RCW 24.06.105 and 1969 ex.s. c 120 s 21 are each amended  
6 to read as follows:

7 Written or printed notice or, if specifically permitted by the  
8 articles of incorporation or bylaws of the corporation, notice given by  
9 electronic transmission, stating the place, day and hour of the meeting  
10 and, in case of a special meeting, the purpose or purposes for which  
11 the meeting is called, shall be delivered not less than ten nor more  
12 than fifty days before the date of the meeting, either personally or by  
13 mail or electronic transmission, by or at the direction of the  
14 president, or the secretary, or the officers or persons calling the  
15 meeting, to each member or shareholder entitled to vote at such  
16 meeting. If provided in the articles of incorporation, notice of  
17 regular meetings other than annual may be made by providing each member  
18 with the adopted schedule of regular meetings for the ensuing year at  
19 any time after the annual meeting and ten days prior to a regular  
20 meeting and at any time when requested by a member or by such other  
21 notice as may be prescribed by the bylaws. If mailed, such notice  
22 shall be deemed to be delivered when deposited in the United States  
23 mail, addressed to the member or shareholder at his or her address as  
24 it appears on the records of the corporation, with postage thereon  
25 prepaid. If sent by electronic transmission, the notice is deemed to  
26 be delivered when sent, addressed to the member or shareholder at his  
27 or her electronic transmission address as it appears on the records of  
28 the corporation.

29 **Sec. 4.** RCW 24.06.110 and 1969 ex.s. c 120 s 22 are each amended  
30 to read as follows:

31 The right of a class or classes of members or shareholders to vote  
32 may be limited, enlarged or denied to the extent specified in the  
33 articles of incorporation. Unless so limited, enlarged or denied, each  
34 member and each outstanding share of each class shall be entitled to  
35 one vote on each matter submitted to a vote of members or shareholders.  
36 No member of a class may acquire any interest which will entitle him or  
37 her to a greater vote than any other member of the same class.

1 A member or shareholder may vote in person or, unless the articles  
2 of incorporation or the bylaws otherwise provide, may vote by mail, by  
3 electronic transmission, or by proxy executed in writing by the member  
4 or shareholder or by his or her duly authorized attorney-in-fact:  
5 PROVIDED, That no proxy shall be valid for more than eleven months from  
6 the date of its execution unless otherwise specified in the proxy.

7 If a member or shareholder may vote by proxy, the proxy may be  
8 given by:

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

16 (2) Authorizing another person or persons to act for the member or  
17 shareholder as proxy by transmitting or authorizing the transmission of  
18 an electronic transmission to the person who will be the holder of the  
19 proxy, or to a proxy solicitation firm, proxy support service  
20 organization, or like agent duly authorized by the person who will be  
21 the holder of the proxy to receive the transmission. If it is  
22 determined that the electronic transmissions are valid, the inspector  
23 of election or, if there are no inspectors, any other officer or agent  
24 of the corporation making that determination on behalf of the  
25 corporation shall specify the information upon which they relied. The  
26 corporation shall require the holders of proxies received by electronic  
27 transmission to provide to the corporation copies of the electronic  
28 transmission and the corporation shall retain copies of the electronic  
29 transmission for a reasonable period of time.

30 The articles of incorporation may provide that whenever proposals  
31 or directors or officers are to be voted upon, such vote may be taken  
32 by mail or by electronic transmission if the name of each candidate and  
33 the text of each proposal to be so voted upon are set forth in a  
34 writing accompanying or contained in the notice of meeting. Persons  
35 voting by mail or by electronic transmission shall be deemed present  
36 for all purposes of quorum, count of votes and percentages of total  
37 voting power voting.

38 The articles of incorporation or the bylaws may provide that in all  
39 elections for directors every person entitled to vote shall have the

1 right to cumulate his or her vote and to give one candidate a number of  
2 votes equal to his or her vote multiplied by the number of directors to  
3 be elected, or by distributing such votes on the same principle among  
4 any number of such candidates.

5 **Sec. 5.** RCW 24.06.115 and 1969 ex.s. c 120 s 23 are each amended  
6 to read as follows:

7 The articles of incorporation or the bylaws may provide the number  
8 or percentage of votes which members or shareholders are entitled to  
9 cast in person, by mail, by electronic transmission, or by proxy, which  
10 shall constitute a quorum at meetings of shareholders or members.  
11 However, in no event shall a quorum be less than one-fourth of the  
12 votes which members or shareholders are entitled to cast in person, by  
13 mail, by electronic transmission, or by proxy, at a meeting considering  
14 the adoption of a proposal which is required by the provisions of this  
15 chapter to be adopted by at least two-thirds of the votes which members  
16 or shareholders present at the meeting in person or by mail, by  
17 electronic transmission, or represented by proxy are entitled to cast.  
18 In all other matters and in the absence of any provision in the  
19 articles of incorporation or bylaws, a quorum shall consist of one-  
20 fourth of the votes which members or shareholders are entitled to cast  
21 in person, by mail, by electronic transmission, or by proxy at the  
22 meeting. On any proposal on which a class of shareholders or members  
23 is entitled to vote as a class, a quorum of the class entitled to vote  
24 as such class must also be present in person, by mail, by electronic  
25 transmission, or represented by proxy.

26 **Sec. 6.** RCW 24.06.190 and 1969 ex.s. c 120 s 38 are each amended  
27 to read as follows:

28 Amendments to the articles of incorporation shall be made in the  
29 following manner:

30 The board of directors shall adopt a resolution setting forth the  
31 proposed amendment and directing that it be submitted to a vote at a  
32 meeting of members and shareholders, which may be either an annual or  
33 a special meeting. Written or printed notice or, if specifically  
34 permitted by the articles of incorporation or bylaws of the  
35 corporation, notice by electronic transmission, setting forth the  
36 proposed amendment or a summary of the changes to be effected thereby  
37 shall be given to each member and shareholder entitled to vote at such

1 meeting within the time and in the manner provided in this chapter for  
2 the giving of notice of meetings of members and shareholders. The  
3 proposed amendment shall be adopted upon receiving at least two-thirds  
4 of the votes which members or shareholders present in person or by mail  
5 or by electronic transmission at such meeting or represented by proxy  
6 are entitled to cast: PROVIDED, That when any class of shares or  
7 members is entitled to vote thereon by class, the proposed amendment  
8 must receive at least two-thirds of the votes of the members or  
9 shareholders of each class entitled to vote thereon as a class, who are  
10 present in person, by mail, by electronic transmission, or represented  
11 by proxy at such meeting.

12 Any number of amendments may be submitted and voted upon at any one  
13 meeting.

14 **Sec. 7.** RCW 24.06.195 and 1982 c 35 s 130 are each amended to read  
15 as follows:

16 The articles of amendment shall be executed in duplicate originals  
17 by the corporation by an officer of the corporation, and shall set  
18 forth:

19 (1) The name of the corporation.

20 (2) Any amendment so adopted.

21 (3) A statement setting forth the date of the meeting of members  
22 and shareholders at which the amendment was adopted, that a quorum was  
23 present at such meeting, and that such amendment received at least two-  
24 thirds of the votes which members or shareholders of the corporation,  
25 and of each class entitled to vote thereon as a class, present at such  
26 meeting in person, by mail, by electronic transmission, or represented  
27 by proxy were entitled to cast, or a statement that such amendment was  
28 adopted by a consent in writing signed by all members and shareholders  
29 entitled to vote with respect thereto.

30 **Sec. 8.** RCW 24.06.220 and 1969 ex.s. c 120 s 44 are each amended  
31 to read as follows:

32 A plan of merger or consolidation shall be adopted in the following  
33 manner:

34 The board of directors of such corporation shall adopt a resolution  
35 approving the proposed plan and directing that it be submitted to a  
36 vote at a meeting of members or shareholders which may be either an  
37 annual or a special meeting. Written or printed notice or, if



1 specifically permitted by the articles of incorporation or bylaws of  
2 the corporation, notice by electronic transmission, setting forth the  
3 proposed plan or a summary thereof shall be given to each member and  
4 shareholder within the time and in the manner provided in this chapter  
5 for the giving of notice of meetings of members and shareholders. The  
6 proposed plan shall be adopted upon receiving at least two-thirds of  
7 the votes which members and shareholders present in person or by mail  
8 or by electronic transmission at each such meeting or represented by  
9 proxy are entitled to cast: PROVIDED, That when any class of shares or  
10 members is entitled to vote thereon as a class, the proposed amendment  
11 must receive at least two-thirds of the votes of the members or  
12 shareholders of each class entitled to vote thereon as a class, who are  
13 present in person, by mail, by electronic transmission, or represented  
14 by proxy at such meeting.

15 After such approval, and at any time prior to the filing of the  
16 articles of merger or consolidation, the merger or consolidation may be  
17 abandoned pursuant to provisions therefor, if any, set forth in the  
18 plan of merger or consolidation.

19 **Sec. 9.** RCW 24.06.225 and 1982 c 35 s 134 are each amended to read  
20 as follows:

21 (1) Upon approval, articles of merger or articles of consolidation  
22 shall be executed in duplicate originals by each corporation, by an  
23 officer of each corporation, and shall set forth:

24 (a) The plan of merger or the plan of consolidation;

25 (b) A statement setting forth the date of the meeting of members or  
26 shareholders at which the plan was adopted, that a quorum was present  
27 at such meeting, and that such plan received at least two-thirds of the  
28 votes which members and shareholders of the corporation and of each  
29 class entitled to vote thereon as a class, present at such meeting in  
30 person or by mail or by electronic transmission or represented by proxy  
31 were entitled to cast, or a statement that such amendment was adopted  
32 by a consent in writing signed by all members;

33 (2) Duplicate originals of the articles of merger or articles of  
34 consolidation shall be delivered to the secretary of state. If the  
35 secretary of state finds that such articles conform to law, he or she  
36 shall, when all fees have been paid as prescribed in this chapter:

37 (a) Endorse on each of such originals the word "filed", and the  
38 effective date of the filing thereof;

1 (b) File one of such originals in his or her office;

2 (c) Issue a certificate of merger or a certificate of consolidation  
3 to which he or she shall affix one of such originals.

4 The certificate of merger or certificate of consolidation, together  
5 with the original of the articles of merger or articles of  
6 consolidation affixed thereto by the secretary of state shall be  
7 returned to the surviving or new corporation, as the case may be, or  
8 its representative, and shall be retained by the corporation.

9 **Sec. 10.** RCW 24.06.240 and 1969 ex.s. c 120 s 48 are each amended  
10 to read as follows:

11 A sale, lease, exchange, or other disposition of all or  
12 substantially all of the property and assets of a corporation may be  
13 made upon such terms and conditions and for such consideration, which  
14 may consist in whole or in part of money or property, real or personal,  
15 including shares of any corporation for profit, domestic or foreign, as  
16 may be authorized in the following manner:

17 (1) The board of directors shall adopt a resolution recommending a  
18 sale, lease, exchange, or other disposition and directing that it be  
19 submitted to a vote at a meeting of members or shareholders which may  
20 be either an annual or a special meeting.

21 (2) Written or printed notice or, if specifically permitted by the  
22 articles of incorporation or bylaws of the corporation, notice by  
23 electronic transmission, stating that the purpose or one of the  
24 purposes of such meeting is to consider the sale, lease, exchange, or  
25 other disposition of all or substantially all of the property and  
26 assets of the corporation shall be given to each member and shareholder  
27 within the time and in the manner provided by this chapter for the  
28 giving of notice of meetings of members and shareholders.

29 (3) At such meeting the members may authorize such sale, lease,  
30 exchange, or other disposition and may fix, or may authorize the board  
31 of directors to fix, any or all of the terms and conditions thereof and  
32 the consideration to be received by the corporation therefor.

33 (4) Such authorization shall require at least two-thirds of the  
34 votes which members and shareholders present at such meetings in  
35 person, by mail, by electronic transmission, or represented by proxy  
36 are entitled to cast: PROVIDED, That even after such authorization by  
37 a vote of members or shareholders, the board of directors may, in its  
38 discretion, without further action or approval by members, abandon such

1 sale, lease, exchange, or other disposition of assets, subject only to  
2 the rights of third parties under any contracts relating thereto.

3 **Sec. 11.** RCW 24.06.250 and 1969 ex.s. c 120 s 50 are each amended  
4 to read as follows:

5 Any member or shareholder electing to exercise such right of  
6 dissent shall file with the corporation, prior to or at the meeting of  
7 members and shareholders at which such proposed corporate action is  
8 submitted to a vote, a written objection to such proposed corporate  
9 action. If such proposed corporate action be approved by the required  
10 vote and such member or shareholder shall not have voted in favor  
11 thereof, such member or shareholder may, within ten days after the date  
12 on which the vote was taken, or if a corporation is to be merged  
13 without a vote of its members and shareholders into another  
14 corporation, any other members or shareholders may, within fifteen days  
15 after the plan of such merger shall have been mailed or sent by  
16 electronic transmission to such members and shareholders, make written  
17 demand on the corporation, or, in the case of a merger or  
18 consolidation, on the surviving or new corporation, domestic or  
19 foreign, for payment of the fair value of such member's membership or  
20 of such shareholder's shares, and, if such proposed corporate action is  
21 effected, such corporation shall pay to such member, upon surrender of  
22 his or her membership certificate, if any, or to such shareholder, upon  
23 surrender of the certificate or certificates representing such shares,  
24 the fair value thereof as of the day prior to the date on which the  
25 vote was taken approving the proposed corporate action, excluding any  
26 appreciation or depreciation in anticipation of such corporate action.  
27 Any member or shareholder failing to make demand within the ten day  
28 period shall be bound by the terms of the proposed corporate action.  
29 Any member or shareholder making such demand shall thereafter be  
30 entitled only to payment as in this section provided and shall not be  
31 entitled to vote or to exercise any other rights of a member or  
32 shareholder.

33 No such demand shall be withdrawn unless the corporation shall  
34 consent thereto. The right of such member or shareholder to be paid  
35 the fair value of his or her shares shall cease and his or her status  
36 as a member or shareholder shall be restored, without prejudice to any  
37 corporate proceedings which may have been taken during the interim, if:

38 (1) Such demand shall be withdrawn upon consent; or

1 (2) The proposed corporate action shall be abandoned or rescinded  
2 or the members or shareholders shall revoke the authority to effect  
3 such action; or

4 (3) In the case of a merger, on the date of the filing of the  
5 articles of merger the surviving corporation is the owner of all the  
6 outstanding shares of the other corporations, domestic and foreign,  
7 that are parties to the merger; or

8 (4) No demand or petition for the determination of fair value by a  
9 court shall have been made or filed within the time provided by this  
10 section; or

11 (5) A court of competent jurisdiction shall determine that such  
12 member or shareholder is not entitled to the relief provided by this  
13 section.

14 Within ten days after such corporate action is effected, the  
15 corporation, or, in the case of a merger or consolidation, the  
16 surviving or new corporation, domestic or foreign, shall give written  
17 notice thereof to each dissenting member or shareholder who has made  
18 demand as herein provided, and shall make a written offer to each such  
19 member or shareholder to pay for such shares or membership at a  
20 specified price deemed by such corporation to be the fair value  
21 thereof. Such notice and offer shall be accompanied by a balance sheet  
22 of the corporation in which the member has his or her membership or the  
23 shares of which the dissenting shareholder holds, as of the latest  
24 available date and not more than twelve months prior to the making of  
25 such offer, and a profit and loss statement of such corporation for the  
26 twelve months' period ended on the date of such balance sheet.

27 If within thirty days after the date on which such corporate action  
28 was effected the fair value of such shares or membership is agreed upon  
29 between any such dissenting member or shareholder and the corporation,  
30 payment therefor shall be made within ninety days after the date on  
31 which such corporate action was effected, upon surrender of the  
32 membership certificate, if any, or upon surrender of the certificate or  
33 certificates representing such shares. Upon payment of the agreed  
34 value the dissenting member or shareholder shall cease to have any  
35 interest in such membership or shares.

36 If within such period of thirty days a dissenting member or  
37 shareholder and the corporation do not so agree, then the corporation,  
38 within thirty days after receipt of written demand from any dissenting  
39 member or shareholder given within sixty days after the date on which

1 such corporate action was effected, shall, or at its election at any  
2 time within such period of sixty days may, file a petition in any court  
3 of competent jurisdiction in the county in this state where the  
4 registered office of the corporation is located praying that the fair  
5 value of such membership or shares be found and determined. If, in the  
6 case of a merger or consolidation, the surviving or new corporation is  
7 a foreign corporation without a registered office in this state, such  
8 petition shall be filed in the county where the registered office of  
9 the domestic corporation was last located. If the corporation shall  
10 fail to institute the proceeding as herein provided, any dissenting  
11 member or shareholder may do so in the name of the corporation. All  
12 dissenting members and shareholders, wherever residing, shall be made  
13 parties to the proceeding as an action against their memberships or  
14 shares quasi in rem. A copy of the petition shall be served on each  
15 dissenting member and shareholder who is a resident of this state and  
16 shall be served by registered or certified mail on each dissenting  
17 member or shareholder who is a nonresident. Service on nonresidents  
18 shall also be made by publication as provided by law. The jurisdiction  
19 of the court shall be plenary and exclusive. All members and  
20 shareholders who are parties to the proceeding shall be entitled to  
21 judgment against the corporation for the amount of the fair value of  
22 their shares. The court may, if it so elects, appoint one or more  
23 persons as appraisers to receive evidence and recommend a decision on  
24 the question of fair value. The appraisers shall have such power and  
25 authority as shall be specified in the order of their appointment or an  
26 amendment thereof. The judgment shall be payable only upon and  
27 concurrently with the surrender to the corporation of the membership  
28 certificate, if any, or of the certificate or certificates representing  
29 such shares. Upon payment of the judgment, the dissenting shareholder  
30 or member shall cease to have any interest in such shares or  
31 membership.

32 The judgment shall include an allowance for interest at such rate  
33 as the court may find to be fair and equitable in all the  
34 circumstances, from the date on which the vote was taken on the  
35 proposed corporate action to the date of payment.

36 The costs and expenses of any such proceeding shall be determined  
37 by the court and shall be assessed against the corporation, but all or  
38 any part of such costs and expenses may be apportioned and assessed as  
39 the court may deem equitable against any or all of the dissenting

1 members and shareholders who are parties to the proceeding to whom the  
2 corporation shall have made an offer to pay for membership or shares if  
3 the court shall find that the action of such members or shareholders in  
4 failing to accept such offer was arbitrary or vexatious or not in good  
5 faith. Such expenses shall include reasonable compensation for and  
6 reasonable expenses of the appraisers, but shall exclude the fees and  
7 expenses of counsel for and experts employed by any party; but if the  
8 fair value of the memberships or shares as determined materially  
9 exceeds the amount which the corporation offered to pay therefor, or if  
10 no offer was made, the court in its discretion may award to any member  
11 or shareholder who is a party to the proceeding such sum as the court  
12 may determine to be reasonable compensation to any expert or experts  
13 employed by the member or shareholder in the proceeding.

14 Within twenty days after demanding payment for his or her shares or  
15 membership, each member and shareholder demanding payment shall submit  
16 the certificate or certificates representing his or her membership or  
17 shares to the corporation for notation thereon that such demand has  
18 been made. His or her failure to do so shall, at the option of the  
19 corporation, terminate his or her rights under this section unless a  
20 court of competent jurisdiction, for good and sufficient cause shown,  
21 shall otherwise direct. If membership or shares represented by a  
22 certificate on which notation has been so made shall be transferred,  
23 each new certificate issued therefor shall bear a similar notation,  
24 together with the name of the original dissenting holder of such  
25 membership or shares, and a transferee of such membership or shares  
26 shall acquire by such transfer no rights in the corporation other than  
27 those which the original dissenting member or shareholder had after  
28 making demand for payment of the fair value thereof.

29 **Sec. 12.** RCW 24.06.260 and 1982 c 35 s 137 are each amended to  
30 read as follows:

31 A corporation may dissolve and wind up its affairs in the following  
32 manner:

33 (1) The board of directors shall adopt a resolution recommending  
34 that the corporation be dissolved, and directing that the question of  
35 such dissolution be submitted to a vote at a meeting of members and  
36 shareholders which may be either an annual or a special meeting.

37 (2) Written or printed notice or, if specifically permitted by the  
38 articles of incorporation or bylaws of the corporation, notice by

1 electronic transmission, stating that the purpose or one of the  
2 purposes of such meeting is to consider the advisability of dissolving  
3 the corporation shall be given to each member and shareholder within  
4 the time and in the manner provided in this chapter for the giving of  
5 notice of meetings of members and shareholders.

6 (3) A resolution to dissolve the corporation shall be adopted upon  
7 receiving at least two-thirds of the votes which members and  
8 shareholders present in person or by mail or by electronic transmission  
9 at such meeting or represented by proxy are entitled to cast.

10 Upon the adoption of such resolution by the members and  
11 shareholders, the corporation shall cease to conduct its affairs and,  
12 except insofar as may be necessary for the winding up thereof, shall  
13 immediately cause a notice of the proposed dissolution to be mailed to  
14 each known creditor of the corporation and to the department of  
15 revenue, and shall proceed to collect its assets and to apply and  
16 distribute them as provided in RCW 24.06.265.

17 **Sec. 13.** RCW 24.06.270 and 1969 ex.s. c 120 s 54 are each amended  
18 to read as follows:

19 A corporation may, at any time prior to the issuance of a  
20 certificate of dissolution by the secretary of state, revoke the action  
21 theretofore taken to dissolve the corporation, in the following manner:

22 (1) The board of directors shall adopt a resolution recommending  
23 that the voluntary dissolution proceedings be revoked, and directing  
24 that the question of such revocation be submitted to a vote at a  
25 meeting of members or shareholders which may be either an annual or a  
26 special meeting.

27 (2) Written or printed notice or, if specifically permitted by the  
28 articles of incorporation or bylaws of the corporation, notice by  
29 electronic transmission, stating that the purpose or one of the  
30 purposes of the meeting is to consider the advisability of revoking the  
31 voluntary dissolution proceedings shall be given to each member and  
32 shareholder within the time and in the manner provided in this chapter  
33 for the giving of notice of meetings of members or shareholders.

34 (3) A resolution to revoke voluntary dissolution proceedings shall  
35 be adopted upon receiving at least two-thirds of the votes which  
36 members and shareholders present in person or by mail or by electronic  
37 transmission at such meeting or represented by proxy are entitled to  
38 cast.

1       **Sec. 14.** RCW 24.06.275 and 1993 c 356 s 17 are each amended to  
2 read as follows:

3       If voluntary dissolution proceedings have not been revoked, then  
4 after all debts, liabilities and obligations of the corporation shall  
5 have been paid and discharged, or adequate provision shall have been  
6 made therefor, and all of the remaining property and assets of the  
7 corporation shall have been transferred, conveyed or distributed in  
8 accordance with the provisions of this chapter, articles of dissolution  
9 shall be executed in duplicate by the corporation, by an officer of the  
10 corporation; and such statement shall set forth:

11       (1) The name of the corporation.

12       (2) The date of the meeting of members or shareholders at which the  
13 resolution to dissolve was adopted, certifying that:

14       (a) A quorum was present at such meeting;

15       (b) Such resolution received at least two-thirds of the votes which  
16 members and shareholders present in person or by mail or by electronic  
17 transmission at such meeting or represented by proxy were entitled to  
18 cast or was adopted by a consent in writing signed by all members and  
19 shareholders;

20       (c) All debts, obligations, and liabilities of the corporation have  
21 been paid and discharged or that adequate provision has been made  
22 therefor;

23       (d) All the remaining property and assets of the corporation have  
24 been transferred, conveyed or distributed in accordance with the  
25 provisions of this chapter;

26       (e) There are no suits pending against the corporation in any court  
27 or, if any suits are pending against it, that adequate provision has  
28 been made for the satisfaction of any judgment, order or decree which  
29 may be entered; and

30       (f) A copy of a revenue clearance certificate issued pursuant to  
31 chapter 82.32 RCW.

Passed the House February 8, 2000.

Passed the Senate March 1, 2000.

Approved by the Governor March 27, 2000.

Filed in Office of Secretary of State March 27, 2000.