CHAPTER 317A

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GENERAL PROVISIONS

317A.001 CITATION.

This chapter may be cited as the "Minnesota Nonprofit Corporation Act."

History: *1989 c 304 s 1*

317A.011 DEFINITIONS.

Subdivision 1. **Scope.** For purposes of this chapter, the terms in this section have the meanings given them, unless the language or context clearly shows that a different meaning is intended.

Subd. 2. **Address.** "Address" means mailing address, including a zip code, except that in the case of a registered office, address means the mailing address and the actual office location, which may not be a post office box.

Subd. 3. **Articles.** "Articles" means, in the case of a corporation incorporated under or governed by this chapter, articles of incorporation, articles of amendment, a resolution of election to become governed by this chapter, a statement of change of registered office, registered agent, or name of registered agent, articles of merger, articles of consolidation, articles of abandonment, and articles of dissolution. In the case of a foreign corporation, the term includes documents serving a similar function required to be filed with the secretary of state or other officer of the corporation's state of incorporation.

Subd. 3a. **Authenticated.** "Authenticated" means, with respect to an electronic communication, that the communication is delivered to the principal place of business of the corporation, or to an officer or agent of the corporation authorized by the corporation to receive the communication, and that the communication sets forth information from which the corporation can reasonably conclude that the communication was sent by the purported sender.

Subd. 3b. **Ballot.** "Ballot" means a written ballot or a ballot transmitted by electronic communication.

Subd. 4. **Board of directors.** "Board of directors" or "board" means the group of persons vested with the general management of the internal affairs of a corporation, regardless of how they are identified.

Subd. 5. **Bylaws.** "Bylaws" means the code adopted for the regulation or management of the internal affairs of a corporation, regardless of how designated.

Subd. 6. **Corporation.** "Corporation" means a corporation that is governed by this chapter. A corporation may not:

(1) be formed for a purpose involving pecuniary gain to its members, other than to members that are nonprofit organizations or subdivisions, units, or agencies of the United States or a state or local government; and

(2) pay dividends or other pecuniary remuneration, directly or indirectly, to its members, other than to members that are nonprofit organizations or subdivisions, units, or agencies of the United States or a state or local government.

Subd. 7. **Director.** "Director" means a member of the board.

Subd. 7a. **Electronic communication.** "Electronic communication" means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved, and reviewed by a recipient of the communication, and that may be directly reproduced in paper form by the recipient through an automated process.

Subd. 8. **Filed with the secretary of state.** "Filed with the secretary of state" means that a document meeting the requirements of this chapter, signed, and accompanied by a filing fee of $35, has been delivered to the secretary of state of this state. The secretary of state shall endorse on the original the word "Filed" and the month, day, and year of filing, record the document in the Office of the Secretary of State, and return a document to the person who delivered it for filing.

Subd. 9. **Foreign corporation.** "Foreign corporation" means a corporation that is formed under laws other than the laws of this state.

Subd. 10. **Good faith.** "Good faith" means honesty in fact in the conduct of an act or transaction.

Subd. 11. **Legal representative.** "Legal representative" means a person empowered to act for another person, including, but not limited to, an agent, officer, partner, or associate of an organization; a trustee of a trust; a personal representative; a trustee in bankruptcy; or a receiver, guardian, custodian, or conservator.

Subd. 12. **Member.** "Member" means a person with membership rights in a corporation under its articles or bylaws, regardless of how the person is identified.

Subd. 13. **Members with voting rights.** "Members with voting rights" means members or a class of members that has voting rights with respect to the purpose or matter involved.

Subd. 14. **Notice.** (a) "Notice" is given by a member of a corporation to the corporation or an officer of the corporation when in writing and mailed or delivered to the corporation or the officer at the registered office of the corporation.

(b) Notice is given by the corporation to a director, officer, member, or other person:

(1) when mailed to the person at an address designated by the person, at the last known address of the person or, in the case of a director, officer, or member, at the address of the person in the corporate records;

(2) when communicated to the person orally;

(3) when handed to the person;

(4) when left at the office of the person with a clerk or other person in charge of the office, or if there is no one in charge, when left in a conspicuous place in the office;

(5) if the person's office is closed or the person to be notified has no office, when left at the dwelling or usual place of abode of the person with a person of suitable age and discretion residing in the house;

(6) when provided to the person by means of electronic communication as provided under section 317A.231 or 317A.450; or

(7) when the method is fair and reasonable when all the circumstances are considered.

(c) Notice by mail is given when deposited in the United States mail with sufficient postage. Notice is considered received when it is given.

Subd. 15. **Officer.** "Officer" means the president, the treasurer, however designated, a person elected, appointed, or otherwise designated as an officer pursuant to section 317A.311, and a person deemed elected an officer under section 317A.321.

Subd. 16. **Organization.** "Organization" means a domestic or foreign business or nonprofit corporation, limited liability company, whether domestic or foreign, partnership, limited partnership, joint venture, association, trust, estate, enterprise, or other legal or commercial entity.

Subd. 17. **Registered office.** "Registered office" means the place in this state designated in the articles of a corporation as the registered office of the corporation.

Subd. 18. **Related organization.** "Related organization" means an organization that controls, is controlled by, or is under common control with, another corporation. Control exists if an organization:

(1) owns, directly or indirectly, at least 50 percent of the stock ownership or membership interests of another organization;

(2) has the right, directly or indirectly, to elect, appoint, or remove 50 percent or more of the members with voting rights of the governing body of another organization; or

(3) has the power, directly or indirectly, to direct or cause the direction of the management and policies of another organization, whether through the ownership of voting interests, by contract, or otherwise.

Subd. 18a. **Remote communication.** "Remote communication" means communication via electronic communication, conference telephone, video conference, the Internet, or such other means by which persons not physically present in the same location may communicate with each other on a substantially simultaneous basis.

Subd. 19. **Signed.** (a) "Signed" means that the signature of a person is written on a document, as provided in section 645.44, subdivision 14. A document required by this chapter to be filed with the secretary of state must be signed by a person authorized to do so by this chapter, the articles or bylaws, or a resolution approved by the directors, as required by section 317A.237, or the members with voting rights, if any, if required by section 317A.443.

(b) A signature on a document may be a facsimile affixed, engraved, printed, placed, stamped with indelible ink, transmitted by facsimile or electronically, or in any other manner reproduced on the document.

Subd. 20. **Written action.** "Written action" means a record signed by all persons required to take the action or consented to by authenticated electronic communication by all persons required to take the action. The term also means the counterparts of a record signed or consented to by authenticated electronic communication by any of the persons taking the action. A counterpart is the action of the persons signing or consenting to it, and all counterparts are one written action by all persons signing or consenting to them.

History: *1989 c 304 s 2; 1989 c 335 art 1 s 203; 1990 c 488 s 1; 1992 c 503 s 2; 1992 c 517 art 1 s 19; 1997 c 10 art 4 s 3,4; 2002 c 311 art 3 s 1-3; 2004 c 199 art 14 s 30,31; 2010 c 250 art 1 s 11; 2017 c 17 s 1,2,19*

317A.015 LEGAL RECOGNITION OF ELECTRONIC RECORDS AND SIGNATURES.

Subdivision 1. **Definitions.** (a) For purposes of this section, the words, terms, and phrases defined in this subdivision have the meanings given them.

(b) "Electronic" means relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities.

(c) "Electronic record" means a record created, generated, sent, communicated, received, or stored by electronic means.

(d) "Electronic signature" means an electronic sound, symbol, or process attached to or logically associated with a record and executed or adopted by a person with the intent to sign the record.

(e) "Record" means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

Subd. 2. **Electronic records and signatures.** For purposes of this chapter:

(1) a record or signature may not be denied legal effect or enforceability solely because it is in electronic form;

(2) a contract may not be denied legal effect or enforceability solely because an electronic record was used in its formation;

(3) if a provision requires a record to be in writing, an electronic record satisfies the requirement; and

(4) if a provision requires a signature, an electronic signature satisfies the requirement.

History: *2002 c 311 art 3 s 4*

APPLICATION

317A.021 APPLICATION AND ELECTION.

Subdivision 1. **Election by chapter 300, 309, or 315 corporations.** A corporation incorporated under or governed by chapter 300, 309, or 315 that has not later become governed by Minnesota Statutes 1988, chapter 317, may elect to be governed by this chapter.

Subd. 2. **Election by corporations.** On or after August 1, 1989, and before January 1, 1991, a corporation incorporated under or governed by Minnesota Statutes 1988, chapter 317, may elect to become governed by this chapter.

Subd. 3. **Conforming articles of electing corporations.** If the articles of an electing corporation include a provision prohibited by this chapter, omit a provision required by this chapter, or are inconsistent with this chapter, the electing corporation shall amend its articles to conform to the requirements of this chapter. The appropriate provisions of the corporation's articles or bylaws or the law by which it was governed before the effective date of the election made under this section control the manner of adoption of the amendment.

Subd. 4. **Method of election.** An election by a corporation to become governed by this chapter must be made by resolution approved by the affirmative vote of the members with voting rights of the same proportion that is required for amendment of the articles of the corporation before the election. If there are no members with voting rights, the corporation must elect to be governed by this chapter by a resolution adopted by a majority vote of the directors entitled to vote at a meeting of the board, with proper notice given. The notice must include a statement that a purpose of the meeting is to consider an election to become governed by this chapter. The resolution, articles of amendment, if required, and a certified copy of corporate documents previously recorded with the county recorder that would be filed with the secretary of state under this chapter, must be filed with the secretary of state and are effective upon filing. If an amendment of the articles is not required, the resolution must state that the articles of the corporation conform to the requirements of this chapter.

Subd. 5. **Effect of election upon bylaws.** Upon filing an election under subdivision 4, provisions of the bylaws that are consistent with this chapter remain or become effective and provisions of the bylaws that are inconsistent with this chapter are not effective.

Subd. 6. **Choice of incorporation until January 1, 1990.** From August 1, 1989, to December 31, 1990, a corporation may be incorporated under this chapter or under Minnesota Statutes 1988, chapter 317.

Subd. 7. **Nonelecting nonprofit corporations subject to this chapter as of January 1, 1991.** (a) A corporation in existence on January 1, 1991, that is within the scope of this chapter and incorporated under another statute of this state, other than a corporation incorporated under chapter 300, 309, or 315 that has

not later become governed by Minnesota Statutes 1988, chapter 317, is governed by this chapter as of January 1, 1991, as though the corporation had been incorporated under this chapter. The provisions of the articles and bylaws of the corporation that may be included in the articles or bylaws under this chapter remain in effect. The provisions of the articles and bylaws of the corporation that are inconsistent with this chapter are not effective as of January 1, 1991. Provisions required by this chapter to be contained in the articles that do not appear in the articles are read into them as a matter of law.

(b) On and after January 1, 1991, a corporation that elected to reject Laws 1951, chapter 550, sections 1 to 25, that does not elect to be governed by this entire chapter is governed by sections 317A.131 to 317A.151; 317A.461; and 317A.601 to 317A.791.

Subd. 8. **Incorporation after January 1, 1991.** On and after January 1, 1991, a corporation that is within the scope of this chapter may be incorporated only under this chapter.

Subd. 9. **Applicability of other laws.** Chapters 316, 317, and 556 do not apply to corporations.

History: *1989 c 304 s 3,137; 1990 c 488 s 2-5; 1991 c 199 art 1 s 70; 2002 c 400 s 1; 2005 c 4 s 55; 2005 c 69 art 3 s 22*

317A.022 ELECTION BY CERTAIN CHAPTER 318 ASSOCIATIONS.

Subdivision 1. [Repealed, 2011 c 106 s 27]

Subd. 2. **Amended title and other conforming amendments.** The declaration of trust, as defined in section 318.02, subdivision 1, of the association must be amended to identify it as the "articles of an association electing to be treated as a nonprofit corporation." All references in this chapter to "articles" or "articles of incorporation" include the declaration of trust of an electing association. If the declaration of trust includes a provision prohibited by this chapter for inclusion in articles of incorporation, omits a provision required by this chapter to be included in articles of incorporation, or is inconsistent with this chapter, the electing association shall amend its declaration of trust to conform to the requirements of this chapter. The appropriate provisions of the association's declaration of trust or bylaws or chapter 318 control the manner of adoption of the amendments required by this subdivision.

Subd. 3. **Method of election.** An election by an association under subdivision 2 must be made by resolution approved by the affirmative vote of the trustees of the association and by the affirmative vote of the members or other persons with voting rights in the association. The affirmative vote of both the trustees of the association and of the members or other persons with voting rights, if any, in the association must be of the same proportion that is required for an amendment of the declaration of trust of the association before the election, in each case upon proper notice that a purpose of the meeting is to consider an election by the association to cease to be an association subject to and governed by chapter 318 and to become and be a nonprofit corporation subject to and governed by this chapter. The resolution and the articles of the amendment of the declaration of trust must be filed with the secretary of state and are effective upon filing, or a later date as may be set forth in the filed resolution. Upon the effective date, without any other action or filing by or on behalf of the association, the association automatically is subject to this chapter in the same manner and to the same extent as though it had been formed as a nonprofit corporation pursuant to this chapter. Upon the effective date of the election, the association is not considered to be a new entity, but is considered to be a continuation of the same entity.

Subd. 4. **Effects of election.** Upon the effective date of an association's election under subdivision 3, and consistent with the continuation of the association under this chapter:

(1) the organization has the rights, privileges, immunities, powers, and is subject to the duties and liabilities, of a corporation formed under this chapter;

(2) all real or personal property, debts, including debts arising from a subscription for membership and interests belonging to the association, continue to be the real and personal property, and debts of the organization without further action;

(3) an interest in real estate possessed by the association does not revert to the grantor, or otherwise, nor is it in any way impaired by reason of the election, and the personal property of the association does not revert by reason of the election;

(4) except where the will or other instrument provides otherwise, a devise, bequest, gift, or grant contained in a will or other instrument, in a trust or otherwise, made before or after the election has become effective, to or for the association, inures to the organization;

(5) the debts, liabilities, and obligations of the association continue to be the debts, liabilities, and obligations of the organization, just as if the debts, liabilities, and obligations had been incurred or contracted by the organization after the election;

(6) existing claims or a pending action or proceeding by or against the association may be prosecuted to judgment as though the election had not been affected;

(7) the liabilities of the trustees, members, officers, directors, or similar groups or persons, however denominated, of the association, are not affected by the election;

(8) the rights of creditors or liens upon the property of the association are not impaired by the election;

(9) an electing association may merge with one or more nonprofit corporations in accordance with the applicable provisions of this chapter, and either the association or a nonprofit corporation may be the surviving entity in the merger; and

(10) the provisions of the bylaws of the association that are consistent with this chapter remain or become effective and provisions of the bylaws that are inconsistent with this chapter are not effective.

History: *1994 c 625 art 8 s 66*

317A.031 TRANSITION; CONTINUATION OF LEGAL ACTS.

The continuation or completion of an act by a corporation that is not incorporated under, but has become governed by, this chapter, and the continuation or performance of an executed or wholly or partially executory contract, conveyance, or transfer to or by the corporation, is valid if otherwise lawful before the corporation became governed by this chapter. The act may be continued, completed, enforced, or ended as required or permitted by a statute applicable before the date on which the corporation became governed by this chapter.

History: *1989 c 304 s 4*

317A.041 RESERVATION OF RIGHT.

The state reserves the right to amend or repeal this chapter. A corporation governed by this chapter is subject to this reserved right.

History: *1989 c 304 s 5*

317A.051 SCOPE OF CHAPTER.

Subdivision 1. **General.** This chapter does not apply to cooperative associations, public cemetery corporations and associations, and private cemeteries.

Subd. 2. **Religious corporations.** This chapter does not apply to a religious corporation authorized by chapter 315 unless it is formed under this chapter or elects to be governed by this chapter as provided in section 317A.021. Regardless of whether it is formed or elects to be governed by this chapter, a religious corporation may elect to be governed by sections 317A.601 to 317A.671 without electing to come under the entire chapter. If a religious corporation elects to be governed by sections 317A.601 to 317A.671, it shall record its documents with the county recorder of the county where its registered office is located instead of the secretary of state.

History: *1989 c 304 s 6; 2005 c 4 s 56*

317A.061 FOREIGN NONPROFIT CORPORATIONS; SECTIONS APPLICABLE.

Subdivision 1. **General.** Except for this section and section 317A.651 concerning merger or consolidation, this chapter does not apply to foreign nonprofit corporations.

Subd. 2. **Sections applicable.** (a) Except as provided in paragraph (b), a foreign nonprofit corporation is subject to chapter 303. Unless it complies with chapter 303, a foreign corporation may not transact business in this state.

(b) Sections 303.02, subdivision 2; 303.07; 303.14; 303.16, subdivision 2, clause (6); and 303.22 do not apply to foreign nonprofit corporations.

History: *1989 c 304 s 7; 2017 c 40 art 1 s 109*

INCORPORATION; ARTICLES

317A.101 PURPOSES.

A corporation may be incorporated under this chapter for any lawful purpose, unless another statute requires incorporation for a purpose under a different law. Unless otherwise limited in its articles, a corporation has a general purpose of engaging in any lawful activity. A corporation engaging in conduct that is regulated by another statute is subject to the limitations of the other statute.

History: *1989 c 304 s 8*

317A.105 INCORPORATORS.

One or more adult natural persons may act as incorporators of a corporation by filing articles of incorporation for the corporation with the secretary of state.

History: *1989 c 304 s 9*

317A.111 ARTICLES.

Subdivision 1. **Required provisions.** The articles of incorporation must contain:

(1) the name of the corporation;

(2) the address of the registered office of the corporation and the name of its registered agent, if any, at that address; and

(3) the name and address of each incorporator.

Subd. 2. **Statutory provisions that may be modified only in articles.** The following provisions govern a corporation unless modified in the articles:

(1) a corporation has a general purpose of engaging in any lawful activity (section 317A.101);

(2) the power to initially adopt, amend, or repeal the bylaws is vested in the board (section 317A.181);

(3) cumulative voting for directors is prohibited (section 317A.215);

(4) a written action by the board taken without a meeting must be signed by all directors (section 317A.239); and

(5) members are of one class (section 317A.401).

Subd. 3. **Statutory provisions that may be modified in articles or bylaws.** The following provisions govern a corporation unless modified in the articles or bylaws:

(1) a certain method must be used for amending the articles (section 317A.133);

(2) a corporation has perpetual duration and certain powers (section 317A.161);

(3) certain procedures apply to the adoption, amendment, or repeal of bylaws by the members with voting rights (section 317A.181);

(4) a director holds office until expiration of the director's term and election of a successor (section 317A.207);

(5) the term of a director filling a vacancy expires at the end of the term the director is filling (section 317A.207);

(6) the compensation of directors is fixed by the board (section 317A.211);

(7) a certain method must be used for removal of directors (section 317A.223);

(8) a certain method must be used for filling board vacancies (section 317A.227);

(9) board meetings must be held at least once per year, and if the board fails to select a place for a board meeting, it must be held at the registered office (section 317A.231);

(10) a director may call a board meeting, and the notice of the meeting need not state the purpose of the meeting (section 317A.231);

(11) a majority of the board is a quorum (section 317A.235);

(12) the affirmative vote of the majority of directors present is required for board action (section 317A.237);

(13) a committee consists of one or more persons, who need not be directors, appointed by the board (section 317A.241, subdivision 2), and a committee may create one or more subcommittees and may delegate to a subcommittee any, or all, of the authority of the committee (section 317A.241, subdivision 3);

(14) the president and treasurer have certain duties, until the board determines otherwise (section 317A.305);

(15) a certain method must be used for removal of officers (section 317A.341);

(16) officers may delegate some or all of their duties and powers, if not prohibited by the board from doing so (section 317A.351);

(17) a corporation does not have members (section 317A.401);

(18) the board may determine the consideration required to admit members (section 317A.401);

(19) all members are entitled to vote and have equal rights and preferences in matters (section 317A.401);

(20) memberships may not be transferred (section 317A.405);

(21) a corporation with members with voting rights must hold a regular meeting of members with voting rights annually (section 317A.431);

(22) if a specific minimum notice period has not been fixed by law, at least five days' notice is required for a meeting of members (section 317A.435);

(23) the board may fix a date up to 60 days before the date of a members meeting as the date for determination of the members entitled to notice of and entitled to vote at the meeting (section 317A.437);

(24) each member with voting rights has one vote (section 317A.441);

(25) the affirmative vote of the majority of members with voting rights present and entitled to vote is required for action of the members, unless this chapter or the articles or bylaws require a greater vote or voting by class (section 317A.443);

(26) members with voting rights may take action at a meeting by voice or ballot, by unanimous action without a meeting, by mailed ballot, or by electronic communication (section 317A.443);

(27) the number of members required for a quorum is ten percent of the members entitled to vote (section 317A.451);

(28) certain procedures govern acceptance of member acts (section 317A.455); and

(29) indemnification of certain persons is required (section 317A.521).

Subd. 4. **Optional provisions; specific subjects.** The following provisions relating to the management or regulation of the affairs of a corporation may be included in the articles or, except for naming members of the first board, in the bylaws:

(1) the first board of directors may be named in the articles (section 317A.171);

(2) additional qualifications for directors may be imposed (section 317A.205);

(3) terms of directors may be staggered (section 317A.207);

(4) the day or date, time, and place of board meetings may be fixed (section 317A.231);

(5) in addition to the president, authority to sign and deliver certain documents may be delegated to an officer or agent of the corporation (section 317A.305);

(6) additional officers may be designated (section 317A.311);

(7) additional powers, rights, duties, and responsibilities may be given to officers (section 317A.311);

(8) a method for filling vacant offices may be specified (section 317A.341);

(9) membership criteria and procedures for admission may be established (section 317A.401);

(10) membership terms may be fixed (section 317A.401);

(11) a corporation may levy dues, assessments, or fees on members (section 317A.407);

(12) a corporation may buy memberships (section 317A.413);

(13) a corporation may have delegates with some or all the authority of members (section 317A.415);

(14) the day or date, time, and place of regular member meetings or the place of special meetings may be fixed (section 317A.431);

(15) certain persons may be authorized to call special meetings of members (section 317A.433);

(16) notices of special member meetings may be required to contain certain information (section 317A.433);

(17) a larger than majority vote may be required for member action (section 317A.443);

(18) members with voting rights may vote by proxy (section 317A.453); and

(19) members with voting rights may enter into voting agreements (section 317A.457).

Subd. 5. **Optional provisions; generally.** The articles may contain other provisions consistent with law relating to the management or regulation of the affairs of the corporation.

Subd. 6. **Powers need not be stated.** It is not necessary to state the corporate powers granted by this chapter in the articles.

Subd. 7. **Substantive law controls.** If there is a conflict between subdivision 2, 3, or 4 and another section of this chapter, the other section controls.

Subd. 8. **Dependence on facts outside of the articles.** Except for provisions included pursuant to subdivision 1, a provision of the articles may:

(1) be made dependent upon facts ascertainable outside the articles, but only if the manner in which the facts operate upon the provision is clearly and expressly set forth in the articles; and

(2) incorporate by reference some or all of the terms of an agreement, contract, or other arrangement entered into by the corporation, but only if the corporation retains at its principal executive office a copy of the agreement, contract, or other arrangement or the portions incorporated by reference.

History: *1989 c 304 s 10; 1990 c 488 s 6,7; 1992 c 503 s 3; 2010 c 250 art 1 s 12-14; art 2 s 16; 2017 c 17 s 19*

317A.113 PRIVATE FOUNDATIONS; PROVISIONS CONSIDERED CONTAINED IN ARTICLES.

Subdivision 1. **Provisions required.** The articles of incorporation of a corporation that is a private foundation as defined in section 509(a) of the Internal Revenue Code of 1986 and an instrument governing

the use, retention, or disposition by the corporation of its income or property must contain the provisions contained in this section. If the articles and instrument do not contain these provisions, they are considered to have incorporated the language in clauses (1) to (5) with the same effect as though the language was set forth verbatim. Except as provided in subdivision 2, these provisions govern the corporation as to the use, retention, and disposition of its income and property regardless of provisions of the articles or instrument or other law of this state to the contrary:

(1) the corporation shall distribute for each of its taxable years amounts at least sufficient to avoid liability for the tax imposed by section 4942(a) of the Internal Revenue Code of 1986;

(2) the corporation may not engage in an act of "self-dealing" as defined in section 4941(d) of the Internal Revenue Code of 1986 that would give rise to liability for the tax imposed by section 4941(a) of the Internal Revenue Code of 1986;

(3) the corporation may not retain "excess business holdings" as defined in section 4943(c) of the Internal Revenue Code of 1986 that would give rise to liability for the tax imposed by section 4943(a) of the Internal Revenue Code of 1986;

(4) the corporation may not make investments that would jeopardize the carrying out of the exempt purposes of the corporation, within the meaning of section 4944 of the Internal Revenue Code of 1986, so as to give rise to liability for the tax imposed by section 4944(a) of the Internal Revenue Code of 1986; and

(5) the corporation may not make a "taxable expenditure" as defined in section 4945(d) of the Internal Revenue Code of 1986 that would give rise to liability for the tax imposed by section 4945(a) of the Internal Revenue Code of 1986.

Subd. 2. **Exception.** Subdivision 1 does not apply to a corporation if a court of competent jurisdiction determines that the application would be contrary to the terms of an instrument described in subdivision 1 and that the instrument may not properly be changed to conform to subdivision 1.

Subd. 3. **Future references.** A reference in subdivision 1 to a particular section of the Internal Revenue Code of 1986 includes the corresponding provision of a future United States Internal Revenue law.

Subd. 4. **Application.** This section applies to all corporations that could be governed by this chapter, notwithstanding sections 317A.021 and 317A.051.

Subd. 5. **Rights reserved.** This section does not impair the rights and powers of the attorney general or the courts of this state with respect to a corporation.

History: *1989 c 304 s 11*

317A.115 CORPORATE NAME.

Subdivision 1. **Requirements.** (a) The corporate name must be in the English language or in another language expressed in English letters or characters.

(b) A corporate name may not contain a word or phrase that shows or implies that it may not be incorporated under this chapter.

(c) A corporate name need not contain the word "corporation," "incorporated," "company," or "limited," or an abbreviation of one of these words.

Subd. 2. **Name must be distinguishable.** (a) A corporate name must be distinguishable upon the records in the Office of the Secretary of State from the name of a domestic corporation or limited partnership, a foreign corporation or limited partnership, whether profit or nonprofit, a limited liability company, whether domestic or foreign, on file, authorized to do business in this state at the time of filing, a limited liability partnership, whether domestic or foreign, or a name the right to which is, at the time of incorporation, reserved, registered, or provided for in section 5.35, 317A.117, 302A.117, 321.0109, or 322C.0109, or sections 333.001 to 333.54, unless one of the following is filed with the articles:

(1) the written consent of the organization having the name that is not distinguishable;

(2) a certified copy of a final decree of a court in this state establishing the prior right of the applicant to use its corporate name in this state; or

(3) an affidavit of nonuse of the kind required by section 302A.115, subdivision 1, paragraph (d), clause (3).

(b) The secretary of state shall determine whether a name is distinguishable from another name for purposes of this section and section 317A.117.

(c) This subdivision does not affect the right of a corporation existing on January 1, 1991, or a foreign corporation authorized to do business in this state on that date, to use its corporate name.

Subd. 3. **Other laws affecting use of names.** This section and sections 317A.117 and 317A.823, subdivision 2, do not abrogate or limit the law of unfair competition or unfair practices, sections 333.001 to 333.54, the laws of the United States with respect to the right to acquire and protect copyrights, trade names, trademarks, service names, service marks, or other rights to the exclusive use of names or symbols, nor derogate the common law or the principles of equity.

Subd. 4. **Use of name by successor corporation.** A corporation that is merged with another domestic or foreign corporation, that is incorporated by the reorganization of one or more domestic or foreign corporations, or that acquires by sale, lease, or other disposition to or exchange with a domestic corporation all or substantially all of the assets of another domestic or foreign corporation, including its name, may have the same name as that used in this state by any of the other corporations, if the other corporation was incorporated under the laws of, or is authorized to transact business in, this state.

Subd. 5. **Effect of wrongful use; injunction.** The use of a name by a corporation in violation of this section does not affect or impair its corporate existence, but a court in this state may, upon application of the state or of an interested or affected person, enjoin the corporation from doing business under a name assumed in violation of this section, although its articles may have been filed with the secretary of state and a certificate of incorporation issued.

Subd. 6. [Repealed, 2008 c 203 s 14]

History: *1989 c 292 s 12,13; 1989 c 304 s 12; 1990 c 488 s 8; 1992 c 517 art 1 s 20; 1995 c 128 art 2 s 3; 2004 c 199 art 13 s 112; 2009 c 98 s 15; 2014 c 157 art 2 s 24,29,31*

317A.117 RESERVED NAME.

Subdivision 1. **Who may reserve.** A corporate name permitted by section 317A.115 may be reserved in the records of the secretary of state by:

(1) a person doing business in this state under that name;

(2) a person intending to incorporate under this chapter;

(3) a domestic corporation intending to change its name;

(4) a foreign corporation intending to make application for a certificate of authority to transact business in this state;

(5) a foreign corporation authorized to transact business in this state and intending to change its name;

(6) a person intending to incorporate a foreign corporation and intending to have the foreign corporation make application for a certificate of authority to transact business in this state; or

(7) a foreign corporation doing business under that name or a name deceptively similar to that name in a state other than this state and not described in clauses (4) to (6).

Subd. 2. **Method of reservation.** The reservation must be made by filing with the secretary of state a request that the name be reserved. If the name is available for reservation by the applicant, the secretary of state shall reserve the name for the applicant for 12 months. The reservation may be renewed for successive 12-month periods.

Subd. 3. **Transfer of reservation.** The right to a corporate name reserved under this section may be transferred to another person by or on behalf of the applicant for whom the name was reserved by filing with the secretary of state a notice of the transfer and specifying the name and address of the transferee.

History: *1989 c 292 s 14; 1989 c 304 s 13*

317A.121 MS 2008 [Subds 1 and 2 repealed by amendment, 2010 c 250 art 2 s 17]

317A.121 REGISTERED OFFICE; REGISTERED AGENT.

Every corporation shall have a registered office, and may have a registered agent, in the manner prescribed by section 5.36.

History: *1989 c 304 s 14; 2010 c 250 art 2 s 17*

317A.123 MS 2008 [Subds 1 to 3 repealed by amendment, 2010 c 250 art 2 s 18]

317A.123 CHANGE OF REGISTERED OFFICE OR REGISTERED AGENT; CHANGE OF NAME OF REGISTERED AGENT.

Every corporation may change its registered office or change its registered agent, and the agent may resign or change its business address or name, in the manner prescribed by section 5.36.

History: *1989 c 304 s 15; 1Sp2001 c 10 art 2 s 73; 2010 c 250 art 2 s 18*

317A.131 AMENDMENT OF ARTICLES.

The articles of a corporation may be amended to include or modify a provision that is required or permitted to appear in the articles or to omit a provision not required to be included in the articles. When articles are amended to restate them, the name and address of each incorporator may be omitted. Unless otherwise provided in this chapter, the articles may be amended or modified only under sections 317A.133 and 317A.139.

History: *1989 c 304 s 16*

317A.133 PROCEDURE FOR AMENDMENT OF ARTICLES.

Subdivision 1. **Approval by incorporators or board.** A majority of incorporators may amend the articles by written action if no directors are named in the original articles, if no directors have been elected, and if there are no members with voting rights. A majority of all directors may amend the articles if there are no members with voting rights, if members with voting rights have authorized the board to amend the articles under subdivision 3, or if the amendment merely restates the existing articles, as amended. Notice of the meeting and of the proposed amendment must be given to the board. An amendment restating the existing articles may, but need not, be submitted to and approved by the members with voting rights as provided in subdivision 2.

Subd. 2. **Approval by board and members with voting rights.** Amendments to the articles must be approved by the affirmative vote of a majority of all directors and by the members with voting rights. If an amendment is initiated by the directors, proper notice of the proposed amendment must precede a meeting of the members with voting rights at which the amendment will be considered and must include the substance of the proposed amendment. If an amendment is proposed and approved by the members with voting rights, those members may demand a special board meeting within 60 days for consideration of the proposed amendment if a regular board meeting would not occur within 60 days.

Subd. 3. **Approval by board where members have voting rights.** (a) The members with voting rights may authorize the board of directors, subject to paragraph (c), to exercise from time to time the power of amendment of the articles without approval of the members with voting rights.

(b) When the members with voting rights have authorized the board of directors to amend the articles, the board of directors, by the affirmative vote of a majority of all directors, unless the articles, bylaws, or the members' resolution authorizing the board action require a greater vote, may amend the articles at a meeting of the board. Notice of the meeting and of the proposed amendment must be given to the board.

(c) The members with voting rights may prospectively revoke the authority of the board to exercise the power of the members to amend the articles at a meeting duly called for that purpose.

Subd. 4. **Restriction of approval methods.** Articles or bylaws may require greater than majority approval by the board or approval by greater than a majority of a quorum of the members with voting rights for an action under this section and may limit or prohibit the use of mail ballots by members with voting rights.

Subd. 5. **Approval of class.** The articles or bylaws may provide that an amendment also must be approved by the members of a class.

History: *1989 c 304 s 17; 1990 c 488 s 9-12; 2010 c 250 art 1 s 15-17; 2017 c 17 s 19*

317A.139 ARTICLES OF AMENDMENT.

When an amendment has been adopted, articles of amendment must be prepared that contain:

(1) the name of the corporation;

(2) the amendment adopted;

(3) with respect to an amendment restating the articles, a statement that the amendment correctly sets forth without change the corresponding provisions of the articles as previously amended, if the amendment was approved only by the board; and

(4) a statement that the amendment has been adopted under this chapter.

History: *1989 c 304 s 18*

317A.141 EFFECT OF AMENDMENT.

Subdivision 1. **Effect on cause of action.** An amendment does not affect an existing cause of action in favor of or against the corporation, a pending suit to which the corporation is a party, nor the existing rights of persons other than members.

Subd. 2. **Effect of change of name.** If the corporate name is changed by the amendment, a suit brought by or against the corporation under its former name does not abate for that reason.

Subd. 3. **Effect of amendments restating articles.** When effective under section 317A.151, an amendment restating the articles in their entirety supersedes the original articles and amendments to the original articles.

Subd. 4. **Effect of amendments on charitable trust assets.** Assets held by a corporation, including income or fees from services, are restricted to the uses and purposes for which the property was received and held.

History: *1989 c 304 s 19; 1997 c 222 s 42*

317A.151 FILING; EFFECTIVE DATE OF ARTICLES.

Subdivision 1. **Filing required.** Articles of incorporation and articles of amendment must be filed with the secretary of state.

Subd. 2. **Effective date.** Articles of incorporation are effective and corporate existence begins when the articles of incorporation are filed with the secretary of state accompanied by a payment of $70, which includes a $35 incorporation fee in addition to the $35 filing fee required by section 317A.011, subdivision 8. Articles of amendment are effective when filed with the secretary of state or at another time within 31 days after filing if the articles of amendment so provide.

History: *1989 c 304 s 20; 1989 c 335 art 1 s 204*

317A.155 PRESUMPTION; CERTIFICATE OF INCORPORATION.

When the articles of incorporation have been filed with the secretary of state and the required fee has been paid to the secretary of state, it is presumed that conditions precedent required to be performed by the incorporators have been complied with and that the corporation has been incorporated, and the secretary of state shall issue a certificate of incorporation to the corporation. This presumption does not apply against this state in a proceeding to cancel or revoke the certificate of incorporation or to compel the involuntary dissolution of the corporation.

History: *1989 c 304 s 21*

POWERS

317A.161 POWERS.

Subdivision 1. **Generally; limitations.** A corporation has the powers in this section, subject to limitations provided in applicable federal or state law or in its articles or bylaws.

Subd. 2. **Duration.** A corporation has perpetual duration.

Subd. 3. **Legal capacity.** A corporation may sue and be sued, and participate in a legal, administrative, or arbitration proceeding, in its corporate name.

Subd. 4. **Property ownership.** A corporation may buy, lease, acquire, own, hold, improve, use, and deal in and with, real or personal property, or an interest in property, wherever located.

Subd. 5. **Property disposition.** A corporation may sell, convey, mortgage, create a security interest in, lease, exchange, transfer, or dispose of all or a part of its real or personal property, or an interest in property, wherever located.

Subd. 6. **Trading in securities; obligations.** A corporation may buy, subscribe for, acquire, own, hold, vote, use, employ, sell, exchange, mortgage, lend, create a security interest in, dispose of, use, and deal in and with, securities or other interests in, or obligations of, a person or direct or indirect obligations of a domestic or foreign government or instrumentality.

Subd. 7. **Contracts; mortgages.** A corporation may make contracts and incur liabilities, borrow money, issue its securities, and secure its obligations by mortgage of or creation of a security interest in its property, franchises, and income.

Subd. 8. **Investment.** A corporation may invest and reinvest its funds.

Subd. 9. **Holding property as security.** A corporation may take and hold real and personal property, whether or not of a kind sold or otherwise dealt in by the corporation, as security for the payment of money loaned, advanced, or invested.

Subd. 10. **Location.** A corporation may conduct its business, carry on its operations, have offices, and exercise the powers granted by this chapter anywhere in the universe.

Subd. 11. **Donations.** A corporation may make donations for religious, scientific, educational, or charitable purposes, and for other purposes consistent with law, that further the corporate interest.

Subd. 12. **Pensions; benefits.** A corporation may pay pensions, retirement allowances, and compensation for past services and establish employee or incentive benefit plans, trusts, and provisions for the benefit of its officers, directors, employees, and agents and their families, dependents, and beneficiaries. It may indemnify and buy insurance for a fiduciary of an employee benefit and incentive plan, trust, or provision.

Subd. 13. **Participations.** (a) A corporation may participate in the promotion, organization, management, and operation of an organization or in a transaction, undertaking, or arrangement that the participating corporation would have power to conduct by itself, whether or not the participation involves sharing or delegation of control.

(b) A corporation may participate with others in a corporation, partnership, limited partnership, joint venture, trust, or other association of any kind that the participating corporation would have power to conduct by itself, whether or not the participation involves sharing or delegation of control.

Subd. 14. **Insurance.** A corporation may provide for its benefit life insurance and other insurance with respect to the services of its officers, directors, employees, and agents.

Subd. 15. **Corporate seal.** A corporation may have, alter at pleasure, and use a corporate seal as provided in section 317A.163.

Subd. 16. **Bylaws.** A corporation may adopt, amend, and repeal bylaws relating to the management of the business or the regulation of the affairs of the corporation as provided in section 317A.181.

Subd. 17. **Committees.** A corporation may establish committees of the board of directors, elect or appoint persons to the committees, define their duties, and fix their compensation as provided in section 317A.241.

Subd. 18. **Officers; employees; agents.** A corporation may elect or appoint officers, employees, and agents of the corporation, define their duties, and fix their compensation as provided in sections 317A.301 to 317A.361.

Subd. 19. **Loans; guaranties; sureties.** A corporation may lend money to, guarantee an obligation of, become a surety for, or otherwise financially assist persons as provided in section 317A.501.

Subd. 20. **Advances.** A corporation may make advances to its directors, officers, and employees and those of its subsidiaries as provided in section 317A.505.

Subd. 21. **Indemnification.** A corporation shall indemnify those persons identified in section 317A.521 against certain expenses and liabilities only as provided in section 317A.521 and may indemnify other persons.

Subd. 22. **Assumed names.** A corporation may conduct all or part of its business under one or more assumed names as provided in sections 333.001 to 333.06.

Subd. 23. **May take and hold trust property.** A corporation may take, receive, and hold real and personal property, including the principal and interest of money or other fund, that is given, conveyed, bequeathed, devised to, or vested in the corporation in trust where the corporation or a related organization has a vested or contingent interest in the trust.

Subd. 24. **May invest trust property.** Except where the trust instrument prescribes otherwise, a corporation may invest trust property or its proceeds in accordance with section 501C.0901.

Subd. 25. **Membership.** A corporation may be a member of another foreign or domestic nonprofit corporation.

Subd. 26. **Dissolution.** A corporation may dissolve and wind up.

Subd. 27. **Merger and consolidation.** A corporation may merge and consolidate with other domestic or foreign nonprofit corporations organized for related purposes.

Subd. 28. **Other powers.** A corporation has other powers necessary or convenient to effect a lawful purpose for which the corporation is incorporated.

History: *1989 c 304 s 22; 1989 c 340 art 2 s 8; 1996 c 314 s 3; 2015 c 5 art 15 s 3*

317A.163 CORPORATE SEAL.

Subdivision 1. **Seal not required.** A corporation may, but need not, have a corporate seal. The use or nonuse of a corporate seal does not affect the validity, recordability, or enforceability of a document or act. If a corporation has a corporate seal, the use of the seal by the corporation on a document is not necessary.

Subd. 2. **Required words; use.** If a corporation has a corporate seal, the seal may consist of a mechanical imprinting device, or a rubber stamp with a facsimile of the seal affixed on it, or a facsimile or reproduction of either. The seal may include a part or all of the name of the corporation and a combination, derivation,

or abbreviation of either or both of the phrases "a Minnesota Nonprofit Corporation" and "Corporate Seal." If a corporation has a corporate seal, it or a facsimile of it may be affixed, engraved, printed, placed, stamped with indelible ink, or in any other manner reproduced on any document.

History: *1989 c 304 s 23*

317A.165 EFFECT OF LACK OF POWER; ULTRA VIRES.

Subdivision 1. **General.** Except as provided in this section, the doing, continuing, or performing by a corporation of an act, or an executed or wholly or partially executory contract, conveyance, or transfer to or by the corporation, if otherwise lawful, is not invalid because the corporation was without the power under this chapter or its articles or bylaws to do, continue, or perform the act, contract, conveyance, or transfer.

Subd. 2. **Action by member.** At least 50 members with voting rights or ten percent of the members with voting rights, whichever is less, may bring an action against the corporation to enjoin the doing, continuing, or performing of an unauthorized act, contract, conveyance, or transfer. If the unauthorized act, continuation, or performance sought to be enjoined is being, or to be, performed or made pursuant to a contract to which the corporation is a party, the court may, if just and reasonable in the circumstances, set aside and enjoin the performance of the contract and allow to the corporation or to the other parties to the contract compensation for the loss or damage sustained as a result of the action of the court in setting aside and enjoining the performance of the contract.

Subd. 3. **Action by corporation.** The corporation may bring an action, directly or through a director or member with voting rights in a representative or derivative suit, against the incumbent or former officers or directors of the corporation for exceeding or violating their authority.

History: *1989 c 304 s 24*

ORGANIZATION; BYLAWS

317A.171 ORGANIZATION.

Subdivision 1. **Role of incorporators.** If the first board is not named in the articles, the incorporators may elect the first board or may act as directors with the powers, rights, duties, and liabilities of directors, until directors are elected. Upon the election and qualification of the first director, the power of the incorporator or incorporators terminates. If the persons who are to serve as directors until the first annual meeting have been named in the articles of incorporation, the power of the incorporator or incorporators to act for the corporation terminates upon filing of the articles.

Subd. 2. **Meeting.** After the issuance of the certificate of incorporation, the incorporators or the directors named in the articles shall, within a reasonable time, hold an organizational meeting at the call of a majority of the incorporators or of the directors named in the articles, or take written action, for the purposes of electing directors, transacting business, and taking actions necessary or appropriate to complete the organization of the corporation. If a meeting is held, the persons calling the meeting shall give at least three days' notice of the meeting to each incorporator or director named, stating the date, time, and place of the meeting.

History: *1989 c 304 s 25; 2017 c 17 s 3,4*

317A.181 BYLAWS.

Subdivision 1. **Generally.** A corporation may, but need not, have bylaws. Bylaws may contain any provision relating to the management or regulation of the affairs of the corporation consistent with law or the articles, including but not limited to:

(1) the number of directors, and the qualifications, manner of election, powers, duties, and compensation, if any, of directors;

(2) the qualifications of members;

(3) different classes of membership;

(4) the manner of admission, withdrawal, suspension, and expulsion of members;

(5) property, voting, and other rights and privileges of members;

(6) the appointment and authority of committees;

(7) the appointment or election, duties, compensation, and tenure of officers;

(8) the time, place, and manner of calling, conducting, and giving notice of member, board, and committee meetings, or of conducting mail ballots;

(9) the making of reports and financial statements to members; or

(10) the number establishing a quorum for meetings of members and the board.

Subd. 1a. **Adoption and amendment; no members with voting rights.** Initial bylaws may be adopted under section 317A.171 by a majority of the incorporators or the first board. The bylaws may be amended in the manner provided in the articles or bylaws. In the absence of such provision, a majority of directors may amend or repeal the bylaws.

Subd. 2. **Adoption and amendment; members with voting rights.** (a) Unless reserved by the articles to the members with voting rights, initial bylaws may be adopted under section 317A.171 by a majority of the incorporators or by the first board. Unless reserved by the articles to the members, the power to adopt, amend, or repeal the bylaws is vested in the board. The power of the board is subject to the power of the members with voting rights under paragraph (b) to adopt, amend, or repeal bylaws adopted, amended, or repealed by the board. The bylaws may be amended in the manner provided in the articles or bylaws. In the absence of such provision, the following bylaw amendments are subject to approval by the members with voting rights: fixing a quorum for meetings of members; prescribing procedures for removing directors or filling vacancies in the board; fixing the number of directors or their classifications, qualifications, or terms of office prescribing procedures for removing or adding members; and increasing or decreasing the vote required for a member action. The board may adopt or amend a bylaw provision to increase the number of directors without member approval.

(b) Unless the articles or bylaws provide otherwise, at least 50 members with voting rights or ten percent of the members with voting rights, whichever is less, may propose a resolution for action by the members to adopt, amend, or repeal bylaws adopted, amended, or repealed by the board. The resolution must contain the provisions proposed for adoption, amendment, or repeal. The limitations and procedures for submitting,

considering, and adopting the resolution are the same as provided in section 317A.133, for amendment of the articles, except that board approval is not required.

History: *1989 c 304 s 26; 1990 c 488 s 13; 2010 c 250 art 1 s 18,19*

BOARD

317A.201 BOARD.

The business and affairs of a corporation must be managed by or under the direction of a board of directors. All directors are entitled to vote and have equal rights and preferences except as otherwise provided in the articles or bylaws. The members of the first board may be named in the articles, designated or appointed pursuant to the articles, or elected by the incorporators under section 317A.171.

History: *1989 c 304 s 27; 1990 c 488 s 14*

317A.203 NUMBER.

A board of directors must consist of three or more individuals, with the number specified in or fixed in accordance with the articles or bylaws. Notwithstanding section 317A.227, if the power to elect or appoint directors is vested in the board of directors and if the number of directors is fewer than three, or such greater minimum number set forth in the articles or bylaws, a majority of the directors in office may appoint or elect the number of additional directors necessary to increase the board to three directors or such greater minimum set forth in the articles or bylaws.

History: *1989 c 304 s 28; 2001 c 208 s 21; 2010 c 250 art 1 s 20; 2017 c 17 s 5*

317A.205 QUALIFICATIONS; ELECTION.

The qualifications and method of election or appointment of directors may be imposed by or in the manner provided in the articles or bylaws, provided that directors must be natural persons and a majority of the directors must be adults. The articles or bylaws may provide for ex officio directors who are directors because they hold another office or position.

History: *1989 c 304 s 29; 1990 c 488 s 15*

317A.207 TERMS.

Subdivision 1. **Length.** (a) Directors are elected or appointed and hold office for fixed terms provided for in the articles or bylaws. A term of a director, other than an ex officio director, may not exceed ten years. If the articles or bylaws do not provide for a fixed term, the term is one year. An ex officio director serves as long as the director holds the office or position designated in the articles or bylaws.

(b) Unless the articles or bylaws provide otherwise, a director holds office until expiration of the term for which the director was elected or appointed and until a successor is elected and qualified, or until the earlier death, resignation, removal, or disqualification of the director.

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

(d) Except as provided in the articles or bylaws, the term of a director filling a vacancy expires at the end of the unexpired term that the director is filling.

Subd. 2. **Staggered terms.** The articles or bylaws may provide for staggering the terms of directors by dividing the total number of directors into groups. The terms of office of the groups need not be uniform.

History: *1989 c 304 s 30; 1990 c 488 s 16*

317A.209 EXPIRATION OF TERM; ACTS NOT VOID OR VOIDABLE.

The expiration of a director's term with or without the election of a qualified successor does not make prior or later acts of the officers or the board void or voidable.

History: *1989 c 304 s 31*

317A.211 COMPENSATION.

Subject to a limitation in the articles or bylaws, the board may fix the compensation of directors.

History: *1989 c 304 s 32*

317A.213 CLASSIFICATION OF DIRECTORS.

(a) Except as provided in paragraph (b), directors may be divided into classes.

(b) Directors of a corporation described in section 317A.811, subdivision 1, may not vote by class except when the articles or bylaws provide that only one class of directors may vote on a particular matter.

History: *1989 c 304 s 33; 1990 c 488 s 17*

317A.215 CUMULATIVE VOTING FOR DIRECTORS.

Unless the articles provide otherwise, there is no cumulative voting.

History: *1989 c 304 s 34*

317A.221 RESIGNATION.

(a) A director may resign at any time by giving written notice to the corporation. The resignation is effective without acceptance when the notice is given to the corporation, unless a later effective time is specified in the notice.

(b) If a resignation is made effective at a later date, the board may fill the pending vacancy before the effective date if the board provides that the successor does not take office until the effective date.

History: *1989 c 304 s 35*

317A.223 REMOVAL OF DIRECTORS.

Subdivision 1. **Modification.** The provisions of this section apply unless a different method of removal is provided for in the articles or bylaws.

Subd. 2. **Removal by directors when there are members with voting rights.** If there are members with voting rights, a director may be removed at any time, with or without cause, if:

(1) the director was named by the board to fill a vacancy;

(2) the members with voting rights have not elected directors in the interval between the time of the appointment to fill the vacancy and the time of the removal; and

(3) a majority of the remaining directors present affirmatively vote to remove the director.

Subd. 3. **Removal by directors when there are no members with voting rights.** If there are no members with voting rights, a director may be removed at any time, with or without cause, by those directors eligible to elect the director.

Subd. 4. **Removal by members with voting rights.** A director may be removed at any time, with or without cause, by those members eligible to elect the director.

History: *1989 c 304 s 36*

317A.225 REMOVAL OF APPOINTED DIRECTORS.

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

History: *1989 c 304 s 37; 1990 c 488 s 18*

317A.227 VACANCIES.

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

(1) the members with voting rights, if any, may fill the vacancy; or

(2) the remaining members of the board, though less than a quorum, may fill the vacancy.

(b) If a vacant office was held by a director elected by a class, chapter, or other organizational unit or by region or other geographic grouping, only members with voting rights of the class, chapter, unit, or grouping are entitled to vote to fill the vacancy.

(c) If a vacant office was held by an appointed director, only the person who appointed the director may fill the vacancy.

(d) A vacancy that will occur at a specific later date may be filled before the vacancy occurs but the new director may not take office until the vacancy occurs.

History: *1989 c 304 s 38; 1992 c 503 s 4; 2010 c 250 art 1 s 21*

317A.231 BOARD MEETINGS.

Subdivision 1. **Time; place.** Meetings of the board may be held as provided in the articles or bylaws in or out of this state. Unless the articles or bylaws provide otherwise, a meeting of the board must be held at least once per year. If the articles or bylaws or the board fail to select a place or method for selecting a place for a meeting, the meeting must be held at the registered office.

Subd. 2. MS 2000 [Paragraph (b) renumbered subd 3]

Subd. 2. **Meetings solely by means of remote communication.** Any meeting among directors may be conducted solely by one or more means of remote communication through which all of the directors may participate in the meeting, if the same notice is given of the meeting required by subdivision 4, and if the

number of directors participating in the meeting is sufficient to constitute a quorum at a meeting. Participation in a meeting by that means constitutes presence at the meeting.

Subd. 3. MS 2000 [Renumbered subd 4]

Subd. 3. **Participation in meetings by means of remote communication.** A director may participate in a board meeting by means of conference telephone or, if authorized by the board, by such other means of remote communication, in each case through which that director, other directors so participating, and all directors physically present at the meeting may participate with each other during the meeting. Participation in a meeting by that means constitutes presence at the meeting.

Subd. 4. MS 2000 [Renumbered subd 5]

Subd. 4. **Calling meetings; notice.** (a) Unless the articles or bylaws provide otherwise, a director may call a board meeting by giving five days' notice to all directors of the date, time, and place of the meeting. The notice must contain the substance of the proposed amendment to the articles but otherwise need not state the purpose of the meeting unless the articles or bylaws require it.

(b) If the day or date, time, and place of a board meeting have been provided in the articles or bylaws, or announced at a previous meeting of the board, notice is not required. Notice of an adjourned meeting need not be given other than by announcement at the meeting at which adjournment is taken.

(c) Any notice to a director given under any provision of this chapter, the articles, or the bylaws by a form of electronic communication consented to by the director to whom the notice is given is effective when given. The notice is deemed given if by:

(1) facsimile communication, when directed to a telephone number at which the director has consented to receive notice;

(2) electronic mail, when directed to an electronic mail address at which the director has consented to receive notice;

(3) a posting on an electronic network on which the director has consented to receive notice, together with a separate notice to the director of the specific posting, upon the later of:

(i) the posting; or

(ii) the giving of the separate notice; and

(4) any other form of electronic communication by which the director has consented to receive notice, when directed to the director.

An affidavit of the secretary, other authorized officer, or authorized agent of the corporation, that the notice has been given by a form of electronic communication is, in the absence of fraud, prima facie evidence of the facts stated in the affidavit.

(d) Consent by a director to notice given by electronic communication may be given in writing or by authenticated electronic communication. Any consent so given may be relied upon until revoked by the director, provided that no revocation affects the validity of any notice given before receipt of revocation of the consent.

Subd. 5. **Waiver of notice.** A director may waive notice of a meeting of the board. A waiver of notice by a director entitled to notice is effective whether given before, at, or after the meeting, and whether given

in writing, orally, by authenticated electronic communication, or by attendance. Attendance by a director at a meeting is a waiver of notice of that meeting, unless the director objects at the beginning of the meeting to the transaction of business because the meeting is not lawfully called or convened and does not participate in the meeting.

History: *1989 c 304 s 39; 2002 c 311 art 3 s 5; 2004 c 199 art 14 s 32,33; 2010 c 250 art 1 s 22,23*

317A.235 QUORUM.

A majority, or a larger or smaller proportion or number provided in the articles or bylaws but not less than one-third, of the directors currently holding office is a quorum for the transaction of business. In the absence of a quorum, a majority of the directors present may adjourn a meeting from time to time until a quorum is present. If a quorum is present when a duly called or held meeting is convened, the directors present may continue to transact business until adjournment, even though the withdrawal of directors originally present leaves less than the proportion or number otherwise required for a quorum.

History: *1989 c 304 s 40*

317A.237 ACT OF THE BOARD.

The board shall take action by the affirmative vote of a majority of directors with voting rights present and entitled to vote at a duly held meeting, unless this chapter or the articles or bylaws require the affirmative vote of a larger proportion or number. Proxy voting is not permitted.

History: *1989 c 304 s 41; 1990 c 488 s 19; 2010 c 250 art 1 s 24*

317A.239 ACTION WITHOUT MEETING.

Subdivision 1. **Method.** An action required or permitted to be taken at a board meeting may be taken by written action signed, or consented to by authenticated electronic communication, by all of the directors. If the articles so provide, an action, other than an action requiring approval of members with voting rights, may be taken by written action signed, or consented to by authenticated electronic communication, by the number of directors that would be required to take the same action at a meeting of the board at which all directors were present.

Subd. 2. **Effective time.** The written action is effective when signed, or consented to by authenticated electronic communication, by the required number of directors, unless a different effective time is provided in the written action.

Subd. 3. **Notice; liability.** When written action is permitted to be taken by less than all directors, all directors must be notified immediately of its text and effective date. Failure to provide the notice does not invalidate the written action. A director who does not sign or consent to the written action is not liable for the action or actions taken thereby.

History: *1989 c 304 s 42; 2002 c 311 art 3 s 6,7; 2010 c 250 art 1 s 25,26*

317A.241 COMMITTEES.

Subdivision 1. **Generally.** A resolution approved by the affirmative vote of a majority of the board may establish committees having the authority of the board in the management of the business of the corporation only to the extent provided in the resolution. Committees may include a special litigation committee consisting of one or more independent directors or other independent persons to consider legal rights or remedies of

the corporation and whether those rights and remedies should be pursued. Committees other than special litigation committees are subject at all times to the direction and control of the board.

Subd. 2. **Membership.** Committee members must be natural persons. Unless the articles or bylaws provide otherwise, a committee must consist of one or more persons, who need not be directors, appointed by the affirmative vote of a majority of the directors present.

Subd. 3. **Procedure.** Sections 317A.231 to 317A.239 apply to committees and members of committees to the same extent as those sections apply to the board.

Subd. 4. **Minutes.** Minutes, if any, of committee meetings must be made available upon request to members of the committee and to a director.

Subd. 5. **Standard of conduct.** The establishment of, delegation of authority to, and action by a committee does not alone constitute compliance by a director with the standard of conduct set forth in section 317A.251.

Subd. 6. **Committee members considered directors.** Committee members are considered to be directors for purposes of sections 317A.251, 317A.255, and 317A.521.

Subd. 7. **Subcommittees.** Unless otherwise provided in the articles, the bylaws, or the resolution of the board establishing the committee, a committee may create one or more subcommittees and may delegate to a subcommittee any or all of the authority of the committee. In this chapter, unless the language or context clearly indicates that a different meaning is intended, any reference to a committee is deemed to include a subcommittee, and any reference to a committee member is deemed to include a subcommittee member.

History: *1989 c 304 s 43; 2010 c 250 art 1 s 27,28; 2017 c 17 s 6*

317A.251 STANDARD OF CONDUCT.

Subdivision 1. **Standard; liability.** A director shall discharge the duties of the position of director in good faith, in a manner the director reasonably believes to be in the best interests of the corporation, and with the care an ordinarily prudent person in a like position would exercise under similar circumstances. A person who so performs those duties is not liable by reason of being or having been a director of the corporation.

Subd. 2. **Reliance.** (a) A director is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by:

(1) one or more officers or employees of the corporation whom the director reasonably believes to be reliable and competent in the matters presented;

(2) counsel, public accountants, or other persons as to matters that the director reasonably believes are within the person's professional or expert competence; or

(3) a committee of the board upon which the director does not serve, duly established under section 317A.241, as to matters within its designated authority, if the director reasonably believes the committee to merit confidence.

(b) Paragraph (a) does not apply to a director who has actual knowledge concerning the matter in question that makes the reliance otherwise permitted by paragraph (a) unwarranted.

Subd. 3. **Presumption of assent; dissent.** A director who is present at a meeting of the board when an action is approved by the board is presumed to have assented to the action approved, unless the director:

(1) objects at the beginning of the meeting to the transaction of business because the meeting is not lawfully called or convened and does not participate in the meeting, in which case the director is not considered to be present at the meeting for purposes of this chapter;

(2) votes against the action at the meeting; or

(3) is prohibited from voting on the action by the articles or bylaws or as a result of a decision to approve, ratify, or authorize a transaction pursuant to section 317A.255 or a conflict of interest policy adopted by the board.

Subd. 4. **Not considered trustee.** A director, regardless of how identified, is not considered to be a trustee with respect to the corporation or with respect to property held or administered by the corporation, including without limit, property that may be subject to restrictions imposed by the donor or transferor of the property.

History: *1989 c 304 s 44; 1990 c 488 s 20; 1992 c 503 s 5*

317A.255 DIRECTOR CONFLICTS OF INTEREST.

Subdivision 1. **Conflict; procedure when conflict arises.** (a) A contract or other transaction between a corporation and: (1) its director or a member of the family of its director; (2) a director of a related organization, or a member of the family of a director of a related organization; or (3) an organization in or of which the corporation's director, or a member of the family of its director, is a director, officer, or legal representative or has a material financial interest; is not void or voidable because the director or the other individual or organization are parties or because the director is present at the meeting of the members or the board or a committee at which the contract or transaction is authorized, approved, or ratified, if a requirement of paragraph (b) is satisfied.

(b) A contract or transaction described in paragraph (a) is not void or voidable if:

(1) the contract or transaction was, and the person asserting the validity of the contract or transaction has the burden of establishing that the contract or transaction was, fair and reasonable as to the corporation when it was authorized, approved, or ratified;

(2) the material facts as to the contract or transaction and as to the director's interest are fully disclosed or known to the members and the contract or transaction is approved in good faith by two-thirds of the members entitled to vote, not counting any vote that the interested director might otherwise have, or the unanimous affirmative vote of all members, whether or not entitled to vote;

(3) the material facts as to the contract or transaction and as to the director's interest are fully disclosed or known to the board or a committee, and the board or committee authorizes, approves, or ratifies the contract or transaction in good faith by a majority of the directors or committee members currently holding office, provided that the interested director or directors may not vote and are not considered present for purposes of a quorum. If, as a result, the number of remaining directors is not sufficient to reach a quorum, a quorum for the purpose of considering the contract or transaction is the number of remaining directors or committee members; or

(4) the contract or transaction is a merger or consolidation described in section 317A.601.

Subd. 2. **Material financial interest.** For purposes of this section:

(1) a director does not have a material financial interest in a resolution fixing the compensation of the director or fixing the compensation of another director as a director, officer, employee, or agent of the corporation, even though the first director is also receiving compensation from the corporation; and

(2) a director has a material financial interest in an organization in which the director, or a member of the family of the director, has a material financial interest.

Subd. 3. **Exception.** The procedures described under subdivision 1, clauses (1) to (3), are not required if the contract or other transaction is between related organizations.

Subd. 4. **Member of the family.** For purposes of this section, a member of the family of a director is a spouse, parent, child, spouse of a child, brother, sister, or spouse of a brother or sister.

History: *1989 c 304 s 45; 1992 c 503 s 6-8; 2010 c 250 art 1 s 29; 2011 c 106 s 12*

317A.257 UNPAID DIRECTORS; LIABILITY FOR DAMAGES.

Subdivision 1. **Generally.** Except as provided in subdivision 2, a person who serves without compensation as a director, officer, trustee, member, or agent of an organization exempt from state income taxation under section 290.05, subdivision 2, or who serves without compensation as a fire chief of a nonprofit fire-fighting corporation or municipal volunteer fire department, or of a public corporation established by law but not considered a municipality, is not civilly liable for an act or omission by that person if the act or omission was in good faith, was within the scope of the person's responsibilities as a director, officer, trustee, member, agent, or fire chief of the organization, and did not constitute willful or reckless misconduct.

Subd. 2. **Exceptions.** (a) Subdivision 1 does not apply to:

(1) an action or proceeding brought by the attorney general for a breach of a fiduciary duty as a director;

(2) a cause of action to the extent it is based on federal law;

(3) a cause of action based on the person's express contractual obligation; or

(4) an action or proceeding based on a breach of public pension plan fiduciary responsibility.

(b) Subdivision 1 does not limit an individual's liability for physical injury to the person of another or for wrongful death that is personally and directly caused by the individual, nor the liability of a municipality arising out of the performance of firefighting or related activities.

Subd. 3. **Definition.** For purposes of this section, the term "compensation" means any thing of value received for services rendered, except:

(1) reimbursement for expenses actually incurred;

(2) a per diem in an amount not more than the per diem authorized for state advisory councils and committees under section 15.059, subdivision 3; or

(3) payment by an organization of insurance premiums on behalf of a person who is or was a director, officer, trustee, member, or agent of an organization, or who, while a director, officer, trustee, member, or agent of the organization, is or was serving at the request of the organization as a director, officer, partner, trustee, employee, or agent of another organization or employee benefit plan against liability asserted against and incurred by the person in or arising from that capacity.

History: *1989 c 304 s 46*

OFFICERS

317A.301 OFFICERS REQUIRED.

A corporation must have one or more natural persons exercising the functions of the offices of president and treasurer, however designated.

History: *1989 c 304 s 47; 1990 c 488 s 21; 2010 c 250 art 1 s 30*

317A.305 DUTIES OF REQUIRED OFFICERS.

Subdivision 1. **Presumption; modification.** Unless the articles, the bylaws, or a resolution adopted by the board and consistent with the articles or bylaws provide otherwise, the president and treasurer have the duties in this section.

Subd. 2. **President.** The president shall:

(1) have general active management of the business of the corporation;

(2) when present, preside at meetings of the board and of the members;

(3) see that orders and resolutions of the board are carried into effect;

(4) sign and deliver in the name of the corporation deeds, mortgages, bonds, contracts, or other instruments pertaining to the business of the corporation, except in cases in which the authority to sign and deliver is required by law to be exercised by another person or is expressly delegated by the articles or bylaws or by the board to another officer or agent of the corporation;

(5) maintain records of and, when necessary, certify proceedings of the board and the members; and

(6) perform other duties prescribed by the board.

Subd. 3. **Treasurer.** The treasurer shall:

(1) keep accurate financial records for the corporation;

(2) deposit money, drafts, and checks in the name of and to the credit of the corporation in the banks and depositories designated by the board;

(3) endorse for deposit notes, checks, and drafts received by the corporation as ordered by the board, making proper vouchers for the deposit;

(4) disburse corporate funds and issue checks and drafts in the name of the corporation, as ordered by the board;

(5) upon request, provide the president and the board an account of transactions by the treasurer and of the financial condition of the corporation; and

(6) perform other duties prescribed by the board or by the president.

History: *1989 c 304 s 48*

317A.311 OTHER OFFICERS.

Except to the extent that the articles or bylaws provide that the members may exercise the powers under this section, the board may elect or appoint, in a manner set forth in the articles or bylaws or in a resolution

adopted by the board, other officers the board considers necessary for the operation and management of the corporation, each of whom has the powers, rights, duties, responsibilities, and terms in office provided for in the articles or bylaws or determined by the board. Unless reserved to the members with voting rights, to the extent authorized in the articles, the bylaws, or a resolution approved by the affirmative vote of a majority of the directors present, the president may appoint one or more officers, other than the treasurer.

History: *1989 c 304 s 49; 1990 c 488 s 22; 2010 c 250 art 1 s 31; 2017 c 17 s 7*

317A.315 MULTIPLE OFFICES.

Unless the articles or bylaws provide otherwise, any number of offices or functions of those offices may be held or exercised by the same person. If a document must be signed by persons holding different offices or functions and a person holds or exercises more than one of those offices or functions, that person may sign the document in more than one capacity, but only if the document indicates each capacity in which the person signs.

History: *1989 c 304 s 50; 2010 c 250 art 1 s 32*

317A.321 OFFICERS CONSIDERED ELECTED.

In the absence of an election or appointment of officers by the board or the members with voting rights, the person exercising the principal functions of the president or the treasurer is considered to have been elected to the office.

History: *1989 c 304 s 51; 1990 c 488 s 23; 2010 c 250 art 1 s 33*

317A.331 CONTRACT RIGHTS.

The election or appointment of a person as an officer or agent does not, of itself, create contract rights. A corporation may enter into a contract with an officer or agent for a period if, in the board's judgment, the contract would be in the best interests of the corporation. The fact that the contract may be for a term longer than the terms of the directors who authorized or approved the contract does not make the contract void or voidable.

History: *1989 c 304 s 52*

317A.341 RESIGNATION; REMOVAL; VACANCIES.

Subdivision 1. **Resignation.** An officer may resign by giving written notice to the corporation. The resignation is effective without acceptance when the notice is given to the corporation, unless a later effective date is named in the notice.

Subd. 2. **Removal.** Except as otherwise provided in the articles or bylaws, an officer may be removed, with or without cause, by a resolution adopted by the board or by the members with voting rights, whichever elected or appointed the officer. An officer appointed by the president may also be removed at any time, with or without cause, by the president. To the extent authorized in the articles, the bylaws, or a resolution approved by the affirmative vote of a majority of the directors present, the president of a corporation may remove an officer elected or appointed by the board, other than the treasurer. A removal as described in this subdivision is without prejudice to contractual rights of the officer.

Subd. 3. **Vacancy.** A vacancy in an office because of death, resignation, removal, disqualification, or other cause may, or in the case of a vacancy in the office of president or treasurer must, be filled for the

unexpired part of the term in the manner provided in the articles or bylaws, or as determined by the board or under section 317A.321.

History: *1989 c 304 s 53; 1990 c 488 s 24; 1992 c 503 s 9; 2010 c 250 art 1 s 34*

317A.351 DELEGATION.

Unless prohibited by the articles or bylaws or by a resolution adopted by the board, an officer may, without the approval of the board, delegate some or all the duties and powers of an office to other persons. An officer who delegates the duties or powers of an office remains subject to the standard of conduct for an officer with respect to the discharge of the delegated duties and powers.

History: *1989 c 304 s 54*

317A.361 STANDARD OF CONDUCT.

Subdivision 1. **Standard; liability.** An officer shall discharge the duties of an office in good faith, in a manner the officer reasonably believes to be in the best interests of the corporation, and with the care an ordinarily prudent person in a like position would exercise under similar circumstances. A person exercising the principal functions of an office or to whom some or all of the duties and powers of an office are delegated under section 317A.351 is considered an officer for purposes of this section and sections 317A.467 and 317A.521.

Subd. 2. **Not considered trustee.** An officer is not considered to be a trustee with respect to the corporation or with respect to property held or administered by the corporation, including without limit, property that may be subject to restrictions imposed by the donor or transferor of the property.

History: *1989 c 304 s 55*

MEMBERS

317A.401 MEMBERS.

Subdivision 1. **Existence.** (a) A corporation may have one or more classes of members or may have no members. In the absence of a provision in its articles or bylaws providing for members, a corporation has no members.

(b) If a corporation has no members, an action for which there is no specific provision of this chapter applicable to a corporation without members and that would otherwise require approval of the members requires only the approval of the board.

(c) A reference in this chapter to a corporation that has no members includes a corporation in which the directors are the only members.

Subd. 2. **Admission.** A corporation may admit any person as a member. The articles or bylaws may establish criteria or procedures for admission. A person may not be admitted as a member without the person's express or implied consent. For purposes of this subdivision, consent includes, but is not limited to, acceptance of membership benefits knowing that the benefits are available only to members, or taking some other affirmative action that confers membership benefits. If the articles or bylaws provide that a person who contributes to the corporation is a member, a contribution is consent.

Subd. 3. **Consideration.** Except as provided in its articles or bylaws, a corporation may admit members for no consideration or for consideration as is determined by the board.

Subd. 4. **Rights.** Members are of one class unless the articles establish, or authorize the bylaws to establish, more than one class. Members are entitled to vote and have equal rights and preferences except to the extent that the articles or bylaws have fixed or limited the rights and preferences of members or different classes of members or provide for nonvoting members. The articles or bylaws may fix the term of membership.

History: *1989 c 304 s 56; 1990 c 488 s 25*

317A.403 MEMBERSHIP CERTIFICATES.

A corporation may issue certificates showing membership in the corporation. In lieu of a membership certificate, a corporation may issue preferred or common stock. Stock may be issued upon the terms and conditions that the board considers appropriate.

History: *1989 c 304 s 57; 1990 c 488 s 26*

317A.405 TRANSFER OF MEMBERSHIP.

(a) Except as provided in the articles or bylaws, a member of a corporation may not transfer a membership or a right arising from it.

(b) Where transfer rights have been provided, a restriction on them is not binding with respect to a member holding a membership issued before the adoption of the restriction unless the restriction is approved by the members and the affected member.

History: *1989 c 304 s 58*

317A.407 LIABILITY OF MEMBERS.

Subdivision 1. **Third parties.** A member of a corporation is not, as such, personally liable for the acts, debts, liabilities, or obligations of the corporation.

Subd. 2. **Dues, assessments, or fees.** (a) When authority to do so is conferred by the articles or bylaws and subject to any limitations, a corporation may levy dues, assessments, or fees upon its members. The dues, assessments, or fees may be imposed upon all classes of members alike or differently upon different classes of members. Members of one or more classes may be exempted.

(b) Articles or bylaws may:

(1) fix the amount of the levy and the method of collection of dues, assessments, or fees; or

(2) authorize the directors to fix the amount from time to time and determine the methods of collection.

(c) Articles or bylaws may provide for:

(1) enforcement or collection of dues, assessments, or fees;

(2) cancellation of membership, on reasonable notice, for nonpayment of dues, assessments, or fees; or

(3) reinstatement of membership.

History: *1989 c 304 s 59*

317A.409 RESIGNATION.

A member may resign at any time. The resignation of a member does not relieve the member from any obligations the member may have to the corporation for dues, assessments, or fees or charges for goods or services.

History: *1989 c 304 s 60*

317A.411 TERMINATION.

Subdivision 1. **Fair and reasonable procedure required.** A member may not be expelled or suspended, and a membership may not be terminated or suspended except pursuant to a procedure that is fair and reasonable and is carried out in good faith. This section does not apply to the termination of a membership at the end of a fixed term.

Subd. 2. **Standards.** A procedure is fair and reasonable when it is fair and reasonable taking into consideration all of the relevant facts and circumstances. In addition, a procedure is fair and reasonable if it provides:

(1) not less than 15 days' prior written notice of the expulsion, suspension, or termination, and the reasons for it; and

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

Subd. 3. **Time limit to challenge.** A proceeding challenging an expulsion, suspension, or termination, including a proceeding in which defective notice is alleged, must be begun within one year after the effective date of the expulsion, suspension, or termination.

Subd. 4. **Member liability.** The expulsion, suspension, or termination of a member does not relieve the member from obligations the member may have to the corporation for dues, assessments, or fees or charges for goods or services.

History: *1989 c 304 s 61*

317A.413 PURCHASE OF MEMBERSHIPS.

If authorized in its articles or bylaws, a corporation may buy the membership of a member who resigns or whose membership is terminated for the amount and pursuant to the conditions in the articles or bylaws.

History: *1989 c 304 s 62*

317A.415 DELEGATES.

A corporation may provide in its articles or bylaws for delegates having some or all the authority of members. The articles or bylaws may set forth provisions relating to:

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

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

(3) carrying on corporate activities during and between meetings of delegates.

History: *1989 c 304 s 63*

317A.431 ANNUAL MEETINGS OF MEMBERS WITH VOTING RIGHTS.

Subdivision 1. **Frequency.** Unless the articles or bylaws provide otherwise, a corporation with members with voting rights shall hold at least an annual meeting of members with voting rights.

Subd. 2. **Demand by members.** If an annual meeting of members with voting rights has not been held during the preceding 15 months, at least 50 members with voting rights or ten percent of the members with voting rights, whichever is less, may demand an annual meeting of members by written notice of demand given to the president or the treasurer of the corporation. Within 30 days after receipt of the demand, the board shall cause a meeting of members to be called and held at the expense of the corporation on notice no later than 90 days after receipt of the demand. If the board fails to cause a meeting to be called and held as required by this subdivision, the members with voting rights making the demand may call the meeting at the expense of the corporation by giving notice as required by section 317A.435.

Subd. 3. **Time; place.** An annual meeting of members must be held at the time and place stated in or fixed in accordance with the articles or bylaws. If a place is not stated or if a demand for a meeting is made under subdivision 2, the meeting must be held in the county where the corporation's registered office is located. To the extent authorized in articles or bylaws, the board of directors may determine that an annual meeting of the members shall be held solely by means of remote communication in accordance with section 317A.450, subdivision 2.

Subd. 4. **Elections; business.** At an annual meeting of members:

(1) there must be an election of successors for directors elected by members and whose terms have expired or whose terms expire at an annual meeting;

(2) there must be a report on the activities and financial condition of the corporation; and

(3) the members shall consider and act upon other matters as may be raised consistent with the notice of meeting requirements.

Subd. 5. **Effect of failure to hold meeting.** The failure to hold a meeting in accordance with a corporation's articles or bylaws does not affect the validity of a corporate action.

History: *1989 c 304 s 64; 1990 c 488 s 27; 1992 c 503 s 10; 2002 c 311 art 3 s 8; 2017 c 17 s 19*

317A.433 SPECIAL MEETINGS OF MEMBERS WITH VOTING RIGHTS.

Subdivision 1. **Who may call.** A corporation with members with voting rights shall hold a special meeting of members:

(1) on call of its board or persons authorized to do so by the articles or bylaws; or

(2) if at least 50 members with voting rights or ten percent of the members with voting rights, whichever is less, sign, date, and deliver to the president or the treasurer one or more written demands for the meeting describing the purpose for which it is to be held.

Subd. 2. **Notice.** Within 30 days after receipt of a demand for a special meeting from members with voting rights, the board shall cause a special meeting to be called and held on notice no later than 90 days after receipt of the demand at the expense of the corporation. If the board fails to cause a special meeting to

be called and held as required by this subdivision, a member with voting rights making the demand may call the meeting by giving notice under section 317A.435 at the expense of the corporation.

Subd. 3. **Time; place.** Special meetings of members may be held in or out of this state at the place stated in or fixed in accordance with the articles, bylaws, or by the president or the board. If a special meeting is demanded by the members, the meeting must be held in the county where the corporation's registered office is located. To the extent authorized in the articles or bylaws, the board of directors may determine that a special meeting of the members shall be held solely by means of remote communication in accordance with section 317A.450, subdivision 2.

Subd. 4. **Notice requirements; business limited.** The notice of a special meeting must contain a statement of the purposes of the meeting. The notice may also contain other information required by the articles or bylaws or considered necessary or desirable by the board or by another person calling the meeting. The business transacted at a special meeting is limited to the purposes stated within the notice of the meeting. Business transacted at a special meeting that is not included in those stated purposes is voidable by or on behalf of the corporation, unless all of the members with voting rights have waived notice of the meeting under section 317A.435.

History: *1989 c 304 s 65; 2002 c 311 art 3 s 9; 2017 c 17 s 19*

317A.434 COURT-ORDERED MEETING OF MEMBERS WITH VOTING RIGHTS.

Subdivision 1. **When authorized.** The district court of the county where a corporation's registered office is located may order a meeting to be held:

(1) on application of at least 50 members with voting rights or ten percent of the members with voting rights, whichever is less, or of another person entitled to participate in the annual meeting, if a meeting was not held within the earlier of six months after the end of the corporation's fiscal year or 15 months after its last meeting; or

(2) on application of a member with voting rights who signed a demand for a special meeting valid under section 317A.433 or a person entitled to call a special meeting if:

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

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

Subd. 2. **Scope of order.** The court may fix the time and place of the meeting, specify a record date for determining members entitled to notice of and to vote at the meeting, prescribe the form and content of the meeting notice, fix the quorum required for specific matters to be considered at the meeting, or direct that the votes represented at the meeting constitute a quorum for action on those matters, and enter other orders necessary to accomplish the purposes of the meeting.

Subd. 3. **Costs and attorneys fees.** If the court orders a meeting, it may also order the corporation to pay the member's costs, including reasonable attorneys fees, incurred to obtain the order.

History: *1989 c 304 s 66; 2017 c 17 s 19*

317A.435 NOTICE REQUIREMENTS.

Subdivision 1. **To whom given.** Notice of meetings of members must be given to every member with voting rights as of the record date determined under section 317A.437. If the meeting is an adjourned meeting

and the date, time, and place of the meeting were announced at the time of adjournment, notice is not required unless a new record date for the adjourned meeting is or must be fixed under section 317A.437.

Subd. 2. **When given; contents.** In all cases where a specific minimum notice period has not been fixed by law, the notice must be given at least five days before the date of the meeting, or a shorter time provided in the articles or bylaws, and not more than 60 days before the date of the meeting. The notice must contain the date, time, and place of the meeting, and other information required by this chapter. If proxies are permitted at the meeting, the notice must so inform members and state the procedure for appointing proxies.

Subd. 3. **Waiver of notice; objections.** A member may waive notice of a meeting of members. A waiver of notice by a member entitled to notice is effective whether given before, at, or after the meeting, and whether given in writing, orally, or by attendance. Attendance by a member at a meeting is a waiver of notice of that meeting, unless the member objects at the beginning of the meeting to the transaction of business because the meeting is not lawfully called or convened, or objects before a vote on an item of business because the item may not lawfully be considered at that meeting and does not participate in the consideration of the item at that meeting.

Subd. 4. **Neighborhood organizations.** (a) A neighborhood organization must hold an annual meeting at which there must be an election of successors to directors whose terms expire at the annual meeting. Notwithstanding subdivisions 1 and 2, notice of a meeting to elect directors and any other meeting at which articles or bylaws are proposed to be amended must be given as specified by this subdivision. The articles or bylaws of a neighborhood organization may provide for electing directors by petition, if notice of the petition process is given as provided by this subdivision.

(b) At least ten but not more than 30 days before a meeting of the members of the neighborhood organization is to be held, notice of the date, time, and place of the meeting or the date and process applicable to petitions and any other information required by this chapter must be given in a manner designed to notify all members with voting rights to the extent practical.

(c) For purposes of this subdivision, "neighborhood organization" means a nonprofit corporation under this chapter that represents a defined geographic area and has been accepted by a political subdivision as the basic planning unit for the area. "Neighborhood organization" does not include a unit owners' association under chapter 515B or a planned unit development or homeowners' association that consists exclusively of property owners within a defined geographic area.

(d) A neighborhood organization may choose to be governed by this subdivision by so providing in its articles or bylaws.

History: *1989 c 304 s 67; 1990 c 488 s 28; 2002 c 340 s 1; 2017 c 17 s 19*

317A.437 RECORD DATE; DETERMINING MEMBERS ENTITLED TO NOTICE AND VOTE.

Subdivision 1. **Determination.** The board may fix a date not more than 60 days, or a shorter time period provided in the articles or bylaws, before the date of a meeting of members as the date for the determination of the members entitled to notice of and entitled to vote at the meeting. When a date is so fixed, only members with voting rights on that date are entitled to notice of and permitted to vote at that meeting of members.

Subd. 2. **Adjourned meeting.** (a) A determination of members entitled to notice and to vote at a membership meeting is effective for an adjournment of the meeting unless the board fixes a new date for determining the right to notice and to vote, which it must do if the meeting is adjourned to a date more than 60 days after the record date for determining members entitled to notice of the original meeting.

(b) If a court orders a meeting adjourned to a date more than 120 days after the date fixed for the original meeting, it may provide that the original record date for notice and voting continues in effect or it may fix a new record date for notice and voting.

History: *1989 c 304 s 68; 2017 c 17 s 19*

317A.439 MEMBERS' LIST FOR MEETING.

Subdivision 1. **Preparation.** After fixing a record date for notice of and voting at a meeting, a corporation shall prepare an alphabetical list of the names of its members who are entitled to notice and to vote. The list must show the address and number of votes each member is entitled to vote at the meeting.

Subd. 2. **Inspection.** The list of members must be available for inspection by a member with voting rights for the purpose of communication with other members concerning the meeting, beginning two business days after the meeting notice is given and continuing through the meeting, at the corporation's registered office or at a reasonable place identified in the meeting notice in the city where the meeting will be held. The list also must be available at the meeting. A member, a member's agent, or attorney is entitled on written demand to inspect and to copy the list, at a reasonable time and at the member's expense, during the period it is available for inspection and at any time during the meeting or an adjournment.

Subd. 3. **Enforcement.** If the corporation refuses to allow a member with voting rights, the member's agent, or attorney to inspect the list of members before or at the meeting, the district court of the county where a corporation's registered office is located, on application of the member, may:

(1) order the inspection or copying at the corporation's expense;

(2) postpone the meeting until the inspection or copying is complete; or

(3) order the corporation to pay the member's costs, including reasonable attorneys fees, incurred to obtain the order.

Subd. 4. **Effect of failure to comply.** Unless a written demand to inspect and copy a membership list has been made under subdivision 2 before the membership meeting and a corporation improperly refuses to comply with the demand, refusal, or failure to comply with this section does not affect the validity of action taken at the meeting.

Subd. 5. **Improper use prohibited.** A member, agent, or attorney who gains access to a membership list under this section may not use or give to another for use the membership list for any purpose other than a proper purpose. Upon application of the corporation, the district court may issue a protective order or order other relief necessary to enforce this subdivision.

Subd. 6. **Neighborhood organizations.** A neighborhood organization as defined in section 317A.435, subdivision 4, is not required to prepare a membership list under this section, if it has chosen to be governed by this subdivision by so providing in its articles or bylaws.

History: *1989 c 304 s 69; 2002 c 340 s 2*

317A.441 RIGHT TO VOTE.

(a) Unless the articles or bylaws provide otherwise, each member with voting rights is entitled to one vote on each matter voted on by the members. If a membership stands of record in the names of two or more persons, their acts with respect to voting have the following effect:

(1) if only one votes, the act binds all; and

(2) if more than one votes, the vote must be divided on a pro rata basis.

(b) In the case of a neighborhood organization, members with voting rights are, at a minimum, individuals who are on a preexisting membership list or who, at a meeting of the neighborhood organization, can produce:

(1) a Minnesota driver's license, Minnesota identification card, or some form of residency verification that indicates the individual resides within the geographic boundaries of the neighborhood organization; or

(2) proof of ownership or lease of a business or property or proof of being employed by a nonprofit organization, business, or government entity located within the geographic boundaries of the neighborhood, if such members are authorized by the bylaws of the neighborhood organization.

(c) An individual who resides within the geographic boundaries of a neighborhood organization or meets membership criteria under paragraph (b), clause (2), but lacks the documentation required by paragraph (b), clause (1), may vote at a meeting of the neighborhood organization if a member who has the required documentation vouches for the individual.

(d) A neighborhood organization through its articles or bylaws may permit voting at its meetings by individuals in addition to those described in paragraph (b) or (c).

(e) For purposes of this section, "neighborhood organization" has the meaning given in section 317A.435, subdivision 4. A neighborhood organization may choose to be governed by paragraphs (b), (c), and (d) by so providing in its articles or bylaws.

History: *1989 c 304 s 70; 2002 c 340 s 3*

317A.443 ACT OF THE MEMBERS.

Subdivision 1. **General.** Except for the election of directors, which is governed by section 317A.205, unless this chapter or the articles or bylaws require a greater vote or voting by class, if a quorum is present, or if a quorum has been present at a meeting, the affirmative vote of the majority of the members with voting rights present and entitled to vote, which must also be a majority of the required quorum, is the act of the members.

Subd. 2. **Methods.** Unless otherwise provided in the articles or bylaws, members may take action at a meeting by voice or ballot, by unanimous action without a meeting under section 317A.445, by ballot under section 317A.447, or by remote communication under section 317A.450.

History: *1989 c 304 s 71; 1990 c 488 s 29; 2003 c 2 art 1 s 36; 2004 c 199 art 14 s 34; 2017 c 17 s 8*

317A.445 UNANIMOUS ACTION WITHOUT A MEETING.

An action required or permitted to be taken at a meeting of the members may be taken without a meeting by written action signed, or consented to by authenticated electronic communication, by all of the members entitled to vote on that action. The written action is effective when it has been signed, or consented to by authenticated electronic communication, by all of those members, unless a different effective time is provided in the written action. When this chapter requires a certificate concerning an action to be filed with the secretary of state, the officers signing the certificate must indicate that the action was taken under this section.

History: *1989 c 304 s 72; 2002 c 311 art 3 s 10*

317A.447 ACTION BY BALLOT.

(a) Except as provided in paragraph (e) and unless prohibited or limited by the articles or bylaws, an action that may be taken at a regular or special meeting of members may be taken without a meeting if the corporation mails or otherwise delivers a ballot to every member entitled to vote on the matter. A corporation may deliver a ballot by electronic communication only if the corporation complies with section 317A.450, subdivision 5, as if the ballot were a notice. Consent by a member to receive notice by electronic communication in a certain manner constitutes consent to receive a ballot by electronic communication in the same manner.

(b) A ballot must:

(1) set forth each proposed action; and

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

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

(d) Solicitations for votes by written ballot must:

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

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

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

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

(f) A ballot delivered to the corporation by electronic communication is valid only if authenticated as provided in section 317A.011, subdivision 3a.

History: *1989 c 304 s 73; 1992 c 503 s 11; 2004 c 199 art 14 s 35*

317A.449 [Repealed, 2002 c 311 art 3 s 15]

317A.450 REMOTE COMMUNICATIONS FOR MEMBER MEETINGS.

Subdivision 1. **Construction and application.** This section shall be construed and applied to:

(1) facilitate remote communication consistent with other applicable law; and

(2) be consistent with reasonable practices concerning remote communication and with the continued expansion of those practices.

Subd. 2. **Member meetings held solely by means of remote communication.** To the extent authorized in the articles or bylaws and determined by the board, an annual or special meeting of members may be held solely by one or more means of remote communication, if notice of the meeting is given to every member entitled to vote, and if the number of members with voting rights participating in the meeting is sufficient to constitute a quorum at a meeting. Participation by a member by that means constitutes presence at the meeting in person or by proxy if all the other requirements of section 317A.453 are met.

Subd. 3. **Participation in meetings by remote communication.** To the extent authorized in the articles or bylaws and determined by the board, a member not physically present in person or by proxy at an annual or special meeting of members may, by means of remote communication, participate in a meeting of members held at a designated place. Participation by a member by that means constitutes presence at the meeting in person or by proxy if all the other requirements of section 317A.453 are met.

Subd. 4. **Meetings held by remote communication; participation.** In any meeting of members held solely by means of remote communication under subdivision 2 or in any meeting of members held at a designated place in which one or more members participate by means of remote communication under subdivision 3:

(1) the corporation shall implement reasonable measures to verify that each person deemed present and entitled to vote at the meeting by means of remote communication is a member; and

(2) the corporation shall implement reasonable measures to provide each member participating by means of remote communication with a reasonable opportunity to participate in the meeting, including an opportunity to:

(i) read or hear the proceedings of the meeting substantially concurrently with those proceedings;

(ii) if allowed by the procedures governing the meeting, have the member's remarks heard or read by other participants in the meeting substantially concurrently with the making of those remarks; and

(iii) if otherwise entitled, vote on matters submitted to the members.

Subd. 5. **Notice to members.** (a) Any notice to members given by the corporation under any provision of this chapter, the articles, or the bylaws by a form of electronic communication consented to by the member to whom the notice is given is effective when given. The notice is deemed given:

(1) if by facsimile communication, when directed to a telephone number at which the member has consented to receive notice;

(2) if by electronic mail, when directed to an electronic mail address at which the member has consented to receive notice;

(3) if by a posting on an electronic network on which the member has consented to receive notice, together with separate notice to the member of the specific posting, upon the later of:

(i) the posting; and

(ii) the giving of the separate notice; and

(4) if by any other form of electronic communication by which the member has consented to receive notice, when directed to the member.

An affidavit of the secretary, other authorized officer, or authorized agent of the corporation, that the notice has been given by a form of electronic communication is, in the absence of fraud, prima facie evidence of the facts stated in the affidavit.

(b) Consent by a member to notice given by electronic communication may be given in writing or by authenticated electronic communication. The corporation is entitled to rely on any consent so given until revoked by the member, provided that no revocation affects the validity of any notice given before receipt by the corporation of revocation of the consent.

Subd. 6. **Waiver.** Waiver of notice by a member of a meeting by means of authenticated electronic communication may be given in the manner provided in section 317A.435, subdivision 3. Participation in a meeting by means of remote communication described in subdivisions 2 and 3 is a waiver of notice of that meeting, except where the member objects at the beginning of the meeting to the transaction of business because the meeting is not lawfully called or convened, or objects before a vote on an item of business because the item may not lawfully be considered at the meeting and does not participate in the consideration of the item at that meeting.

History: *2002 c 311 art 3 s 11; 2017 c 17 s 19*

317A.451 QUORUM.

Subdivision 1. **Number required.** Unless otherwise provided by the articles or bylaws, a quorum for a meeting of members is ten percent of the members entitled to vote at the meeting.

Subd. 2. **Action.** (a) Except as provided in paragraph (b), a quorum is necessary for the transaction of business at a meeting of members. If a quorum is not present, a meeting may be adjourned from time to time for that reason.

(b) If a quorum has been present at a meeting and members have withdrawn from the meeting so that less than a quorum remains, the members still present may continue to transact business until adjournment.

History: *1989 c 304 s 75*

317A.453 PROXIES.

Subdivision 1. **Authorization.** If the articles or bylaws permit proxy voting, a member may cast or authorize the casting of a vote by (1) filing a nonelectronic written appointment of a proxy, signed by the member, with an officer of the corporation at or before the meeting at which the appointment is to be effective, or (2) telephonic transmission or authenticated electronic communication, whether or not accompanied by written instructions of the member, of an appointment of a proxy with the corporation or the corporation's duly authorized agent at or before the meeting at which the appointment is to be effective.

Subd. 2. **Effective period.** An appointment of a proxy is effective when received by the secretary or other officer or agent authorized to tabulate votes. An appointment is valid for 11 months unless a different period is expressly provided in the appointment form provided, however, that a proxy is not valid for more than three years from its date of execution.

Subd. 3. **Revocation.** An appointment of a proxy is revocable by the member. Appointment of a proxy is revoked by the person appointing the proxy by:

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

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

Subd. 4. **Death.** The death or incapacity of the member appointing a proxy does not affect the right of the corporation to accept the proxy's authority unless notice of the death or incapacity is received by the secretary or other officer or agent authorized to tabulate votes before the proxy exercises authority under the appointment.

Subd. 5. **Acceptance of vote; liability.** (a) Subject to section 317A.455 and an express limitation on the proxy's authority appearing on the face of the appointment form, a corporation is entitled to accept the proxy's vote or other action as that of the member making the appointment.

(b) The vote of a proxy is final, binding, and not subject to challenge, but the proxy is liable to the member for damages resulting from a failure to exercise the proxy or from an exercise of the proxy in violation of the authority granted in the appointment.

Subd. 6. **Multiple proxies.** Unless the appointment specifically provides otherwise, if two or more persons are appointed as proxies for a member:

(1) any one of them may vote on each item of business in accordance with specific instructions contained in the appointment; or

(2) if no specific instructions are contained in the appointment with respect to voting on a particular item of business, a majority of the proxies have the authority conferred by the instrument. If the proxies are equally divided, they share the vote equally.

History: *1989 c 304 s 76; 1990 c 488 s 30; 2002 c 311 art 3 s 12*

317A.455 CORPORATION'S ACCEPTANCE OF MEMBER ACT.

Subdivision 1. **Name of member.** If the name signed on a vote, consent, waiver, or proxy appointment corresponds to the record name of a member, the corporation if acting in good faith may accept the vote, consent, waiver, or proxy appointment and give it effect as the act of the member.

Subd. 2. **Name other than member.** Unless the articles or bylaws provide otherwise, if the name signed on a vote, consent, waiver, or proxy appointment does not correspond to the record name of a member, the corporation if acting in good faith may accept the vote, consent, waiver, or proxy appointment and give it effect as the act of the member if:

(1) the member is an entity and the name signed purports to be that of an officer or agent of the entity;

(2) the name signed purports to be that of an administrator, guardian, or conservator representing the member and, if the corporation requests, evidence of fiduciary status acceptable to the corporation has been presented with respect to the vote, consent, waiver, or proxy appointment;

(3) the name signed purports to be that of a receiver or trustee in bankruptcy of the member, and, if the corporation requests, evidence of this status acceptable to the corporation has been presented with respect to the vote, consent, waiver, or proxy appointment;

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

(5) two or more persons hold the membership as cotenants or fiduciaries and the name signed purports to be the name of at least one of the coholders and the person signing appears to be acting on behalf of all the coholders.

Subd. 3. **Rejection of vote.** The corporation may reject a vote, consent, waiver, or proxy appointment if the officer or agent authorized to tabulate votes, acting in good faith, has reasonable basis for doubt about the validity of the signature on it or about the signatory's authority to sign for the member.

Subd. 4. **Liability.** The corporation or 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 is not liable in damages to the member for the consequences of the acceptance or rejection.

Subd. 5. **Validity of corporate action.** Corporate action based on the acceptance or rejection of a vote, consent, waiver, or proxy appointment under this section is valid unless a court of competent jurisdiction determines otherwise.

History: *1989 c 304 s 77; 1990 c 488 s 31*

317A.457 VOTING AGREEMENTS.

(a) To the extent permitted in the articles or bylaws, two or more members may provide for how they will vote by signing an agreement for that purpose. An agreement may be valid for a period of up to ten years. The agreement must have a reasonable purpose consistent with the corporation's purposes.

(b) A voting agreement created under this section is specifically enforceable.

(c) A voting agreement is not effective until it is filed with the corporation.

History: *1989 c 304 s 78*

317A.461 BOOKS AND RECORDS; FINANCIAL STATEMENT.

Subdivision 1. **Articles and bylaws; minutes.** A corporation shall keep at its registered office correct and complete copies of its articles and bylaws, accounting records, voting agreements, and minutes of meetings of members, board of directors, and committees having any of the authority of the board of directors for the last six years.

Subd. 2. **Inspection.** A member or a director, or the agent or attorney of a member or a director, may inspect all documents referred to in subdivision 1 or 3 for any proper purpose at any reasonable time. A proper purpose is one reasonably related to the person's interest as a member or director of the corporation.

Subd. 3. **Financial statement.** Upon request, a corporation shall give the member or the director a statement showing the financial result of all operations and transactions affecting income and surplus during its last annual accounting period and a balance sheet containing a summary of its assets and liabilities as of the closing date of the accounting period.

Subd. 4. **Other use prohibited.** A member or director who has gained access under this section to any corporate record may not use or furnish to another for use the corporate record or a portion of the contents for any purpose other than a proper purpose. Upon application of the corporation, a court may issue a protective order or order other relief as may be necessary to enforce the provisions of this subdivision.

Subd. 5. **Cost of copies.** The corporation may charge the requesting party a reasonable fee to cover the expenses of providing copies of documents under this section.

Subd. 6. **Computerized records.** The records maintained by a corporation may use any information storage technique, even though the technique makes them illegible visually, if the records can be converted accurately and within a reasonable time into a form that is legible visually and whose contents are assembled by related subject matter to permit convenient use by people in the normal course of business. A corporation shall convert any of the records referred to in subdivision 1 or 3 upon the request of a person entitled to inspect them, and the expense of the conversion must be borne by the person who bears the expense of

copying under subdivision 5. A copy of the conversion is admissible in evidence, and must be accepted for all other purposes, to the same extent as the existing or original records would be if they were legible visually.

Subd. 7. **Remedies.** A member or a director who is wrongfully denied access to or copies of documents under this section may bring an action for injunctive relief, damages, and costs and reasonable attorney fees.

History: *1989 c 304 s 79; 1992 c 503 s 12*

317A.467 EQUITABLE REMEDIES.

If a corporation or an officer or director of the corporation violates this chapter, a court in this state, in an action brought by at least 50 members with voting rights or ten percent of the members with voting rights, whichever is less, or by the attorney general, may grant equitable relief it considers just and reasonable in the circumstances and award expenses, including attorney fees and disbursements, to the members.

History: *1989 c 304 s 80*

LOANS; OBLIGATIONS

317A.501 LOANS; GUARANTEES; SURETYSHIP.

Subdivision 1. **Prerequisites.** A corporation may lend money to, guarantee or pledge its assets as security for an obligation of, become a surety for, or otherwise financially assist a person, if the transaction, or a class of transactions to which the transaction belongs, is approved by the board and:

(1) is in the usual and regular course of activities of the corporation;

(2) is with, or for the benefit of, a related organization, an organization in which the corporation has a financial interest, a person with whom the corporation has a relationship in the course of its activities, or an organization to which the corporation has the power to make donations;

(3) is with, or for the benefit of, an officer, director, or employee of the corporation or a related organization, and is authorized under subdivision 2; or

(4) subject to subdivision 2, has been approved by two-thirds of the members with voting rights or, if there are no members with voting rights, by two-thirds of the board.

Subd. 2. **Limitation on loans and guarantees for officers, directors, and employees.** A corporation may not lend money to or guarantee the obligation of a director, officer, or employee of the corporation or a related organization, or of the spouse, parents, children and spouses of children, brothers and sisters or spouses of brothers and sisters of the director, officer, or employee, unless the loan or guarantee may reasonably be expected, in the judgment of the board, to benefit the corporation. If a loan or guarantee is made in violation of this subdivision, the borrower's liability on the loan is not affected. The officers and directors who make a loan in violation of this subdivision or assent to it are jointly and severally liable for its repayment. This subdivision does not prohibit an advance of money for expenses authorized by section 317A.505.

Subd. 3. **Interest; security.** A loan, guaranty, surety contract, or other financial assistance under subdivision 1 or 2 may be with or without interest and may be unsecured or secured.

Subd. 4. **Banking authority not granted.** This section does not grant authority to act as a bank or to carry on the business of banking.

History: *1989 c 304 s 81*

317A.505 ADVANCES.

A corporation may, without a vote of the directors, advance money to its directors, officers, employees, or agents to cover expenses that can reasonably be anticipated to be incurred by them in the performance of their duties and for which they would be entitled to reimbursement in the absence of an advance.

History: *1989 c 304 s 82*

317A.521 INDEMNIFICATION.

Subdivision 1. **Definitions.** (a) For purposes of this section, the terms defined in this subdivision have the meanings given them.

(b) "Corporation" includes a domestic or foreign corporation that was the predecessor of the corporation referred to in this section in a merger, consolidation, or other transaction in which the predecessor's existence ended upon completion of the transaction.

(c) "Official capacity" means:

(1) with respect to a director, the position of director in a corporation;

(2) with respect to a person other than a director, the elective or appointive office or position held by an officer, member of a committee of the board, or the employment relationship undertaken by an employee of the corporation; and

(3) with respect to a director, officer, or employee of the corporation who, while a director, officer, or employee of the corporation, is or was serving at the request of the corporation or whose duties in that position involve or involved service as a director, officer, partner, trustee, employee, or agent of another organization or employee benefit plan, the position of that person as a director, officer, partner, trustee, employee, or agent, as the case may be, of the other organization or employee benefit plan.

(d) "Proceeding" means a threatened, pending, or completed civil, criminal, administrative, arbitration, or investigative proceeding, including a proceeding by or in the right of the corporation.

(e) "Special legal counsel" means counsel who has not represented the corporation or a related organization, or a director, officer, member of a committee of the board, or employee whose indemnification is in issue.

Subd. 2. **Indemnification mandatory; standard.** (a) Subject to subdivision 4, a corporation shall indemnify a person made or threatened to be made a party to a proceeding by reason of the former or present official capacity of the person against judgments, penalties, fines, including, without limitation, excise taxes assessed against the person with respect to an employee benefit plan, settlements, and reasonable expenses, including attorneys fees and disbursements, incurred by the person in connection with the proceeding, if, with respect to the acts or omissions of the person complained of in the proceeding, the person:

(1) has not been indemnified by another organization or employee benefit plan for the same liability described in the preceding paragraph with respect to the same acts or omissions;

(2) acted in good faith;

(3) received no improper personal benefit and section 317A.255, if applicable, has been satisfied;

(4) in the case of a criminal proceeding, did not have reasonable cause to believe the conduct was unlawful; and

(5) in the case of acts or omissions occurring in the official capacity described in subdivision 1, paragraph (c), clause (1) or (2), reasonably believed that the conduct was in the best interests of the corporation, or in the case of acts or omissions occurring in the official capacity described in subdivision 1, paragraph (c), clause (3), reasonably believed that the conduct was not opposed to the best interests of the corporation. If the person's acts or omissions complained of in the proceeding relate to conduct as a director, officer, trustee, employee, or agent of an employee benefit plan, the conduct is not considered to be opposed to the best interests of the corporation if the person reasonably believed that the conduct was in the best interests of the participants or beneficiaries of the employee benefit plan.

(b) The termination of a proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent does not, of itself, establish that the person did not meet the criteria in this subdivision.

Subd. 3. **Advances.** Subject to subdivision 4, if a person is made or threatened to be made a party to a proceeding, the person is entitled, upon written request to the corporation, to payment or reimbursement by the corporation of reasonable expenses, including attorneys fees and disbursements, incurred by the person in advance of the final disposition of the proceeding:

(1) upon receipt by the corporation of a written affirmation by the person of a good faith belief that the criteria for indemnification in subdivision 2 have been satisfied and a written undertaking by the person to repay the amounts paid or reimbursed by the corporation, if it is determined that the criteria for indemnification have not been satisfied; and

(2) after a determination that the facts then known to those making the determination would not preclude indemnification under this section.

The written undertaking required by clause (1) is an unlimited general obligation of the person making it, but need not be secured and must be accepted without reference to financial ability to make the repayment.

Subd. 4. **Prohibition or limit on indemnification or advances.** The articles or bylaws may prohibit indemnification or advances of expenses required by this section or may impose conditions on indemnification or advances of expenses in addition to the conditions contained in subdivisions 2 and 3 including, without limitation, monetary limits on indemnification or advances of expenses, if the conditions apply equally to all persons or to all persons within a given class. A prohibition or limit on indemnification or advances may not apply to or affect the right of a person to indemnification or advances of expenses with respect to acts or omissions of the person occurring before the effective date of a provision in the articles or the date of adoption of a provision in the bylaws establishing the prohibition or limit on indemnification or advances.

Subd. 5. **Reimbursement to witnesses.** This section does not require, or limit the ability of, a corporation to reimburse expenses, including attorneys fees and disbursements, incurred by a person in connection with an appearance as a witness in a proceeding at a time when the person has not been made or threatened to be made a party to a proceeding.

Subd. 6. **Determination of eligibility.** (a) Determinations as to whether indemnification of a person is required because the criteria set forth in subdivision 2 have been satisfied and whether a person is entitled to payment or reimbursement of expenses in advance of the final disposition of a proceeding under subdivision 3 must be made:

(1) by the board by a majority of a quorum; directors who are at the time parties to the proceeding are not counted for determining a majority or the presence of a quorum;

(2) if a quorum under clause (1) cannot be obtained, by a majority of a committee of the board, consisting solely of two or more directors not at the time parties to the proceeding, duly designated to act in the matter by a majority of the full board including directors who are parties;

(3) if a determination is not made under clause (1) or (2), by special legal counsel, selected either by a majority of the board or a committee by vote under clause (1) or (2) or, if the requisite quorum of the full board cannot be obtained and the committee cannot be established, by a majority of the full board including directors who are parties;

(4) if a determination is not made under clauses (1) to (3), by the members with voting rights, other than members who are parties to the proceeding; or

(5) if an adverse determination is made under clauses (1) to (4) or under paragraph (b), or if no determination is made under clauses (1) to (4) or under paragraph (b) within 60 days after the termination of a proceeding or after a request for an advance of expenses, by a court in this state, which may be the court in which the proceeding involving the person's liability took place, upon application of the person and notice the court requires.

(b) With respect to a person who is not, and was not at the time of the acts or omissions complained of in the proceedings, a director, officer, or person having, directly or indirectly, the power to direct or cause the direction of the management or policies of the corporation, the determination whether indemnification of this person is required because the criteria in subdivision 2 have been satisfied and whether this person is entitled to payment or reimbursement of expenses in advance of the final disposition of a proceeding under subdivision 3 may be made by an annually appointed committee of the board, having at least one member who is a director. The committee shall report at least annually to the board concerning its actions.

Subd. 7. **Insurance.** A corporation may buy and maintain insurance on behalf of a person in that person's official capacity against liability asserted against and incurred by the person in or arising from that capacity, whether or not the corporation would have been required to indemnify the person against the liability under this section.

Subd. 8. **Disclosure.** A corporation with members with voting rights that indemnifies or advances expenses to a person under this section in connection with a proceeding by or on behalf of the corporation shall report to the members in writing the amount of the indemnification or advance and to whom and on whose behalf it was paid not later than the next meeting of members.

Subd. 9. **Indemnification of other persons.** Nothing in this section shall be construed to limit the power of a corporation to indemnify persons other than a director, officer, employee, or member of a committee of the board of the corporation by contract or otherwise.

History: *1989 c 304 s 83; 2010 c 250 art 1 s 35*

MERGER; CONSOLIDATION; TRANSFER

317A.601 MERGER, CONSOLIDATION, OR TRANSFER.

Subdivision 1. **Merger or consolidation.** Two or more corporations may merge or consolidate, resulting in a single corporation subject to this chapter. A merger or consolidation must be made as provided in sections 317A.611 to 317A.651.

Subd. 2. **Transfer.** A corporation may sell, lease, transfer, or dispose of all or substantially all of its property and assets under section 317A.661.

Subd. 3. **Notice to attorney general.** If applicable, a corporation shall comply with section 317A.811 before it may merge or consolidate or transfer all or substantially all of its assets.

History: *1989 c 304 s 84*

317A.611 PLAN OF MERGER OR CONSOLIDATION.

A plan of merger or consolidation must contain:

(1) the names of the corporations proposing to merge or consolidate;

(2) the name of the surviving or new corporation;

(3) the terms and conditions of the proposed merger or consolidation;

(4) in the case of a merger, the manner and basis of converting the memberships of the constituent corporations into memberships of the surviving corporation or of any other corporation;

(5) in the case of a merger, a statement of amendments to the articles of the surviving corporation proposed as part of the merger;

(6) in the case of a consolidation, the provisions required by section 317A.111 to be set out in the articles of the new corporation; and

(7) other provisions with respect to the proposed merger or consolidation that are considered necessary or desirable.

History: *1989 c 304 s 85*

317A.613 PLAN APPROVAL.

Subdivision 1. **Approval by each constituent corporation.** A plan of merger or consolidation must be approved and adopted by each constituent corporation as provided in this section.

Subd. 2. **Approval by board and members with voting rights.** When a constituent corporation has members with voting rights, the board of directors of the corporation shall adopt a resolution by the affirmative vote of a majority of all directors approving a proposed plan of merger or consolidation and directing that the plan be submitted to a vote at a meeting of the members with voting rights. Notice of the meeting must be given to each member with voting rights, accompanied by a copy or summary of the proposed plan. Unless the articles or bylaws require a greater vote, the plan of merger or consolidation is adopted upon receiving the affirmative vote of a majority of the members with voting rights voting on the action.

Subd. 3. **Approval by board.** When a constituent corporation does not have members with voting rights, and unless the articles or bylaws require a greater vote, a plan of merger or consolidation is adopted at a meeting of the board of directors of the corporation upon receiving the affirmative votes of a majority of all directors. Notice of the meeting must be given accompanied by a copy of the proposed plan of merger or consolidation.

History: *1989 c 304 s 86; 2010 c 250 art 1 s 36*

317A.615 ARTICLES OF MERGER OR CONSOLIDATION; CERTIFICATE.

Subdivision 1. **Contents of articles.** Upon receiving the approval required by section 317A.613 and after compliance with section 317A.811, if applicable, articles of merger or consolidation must be prepared that contain:

(1) the plan of merger or consolidation;

(2) a statement that the plan has been approved by each corporation under this chapter; and

(3) a statement that the notice to the attorney general required by section 317A.811 has been given and the waiting period has expired or has been waived by the attorney general or a statement that section 317A.811 is not applicable.

Subd. 2. **Articles signed, filed.** The articles of merger or consolidation must be signed on behalf of each constituent corporation and filed with the secretary of state.

Subd. 3. **Certificate.** The secretary of state shall issue a certificate of merger to the surviving corporation or a certificate of consolidation and incorporation to the new corporation.

History: *1989 c 304 s 87; 1990 c 488 s 32*

317A.621 MERGER OF WHOLLY OWNED SUBSIDIARIES.

Subdivision 1. **Definitions.** (a) For the purposes of this section, the terms in paragraphs (b) and (c) have the meanings given.

(b) "Parent" means a corporation that owns, directly or indirectly through one or more wholly owned organizations, all of the rights to distributions and all of the management rights in a wholly owned subsidiary.

(c) "Wholly owned subsidiary" means a limited liability company in which all of the rights to distributions and all of the management rights are owned directly or indirectly by a parent. Wholly owned subsidiary does not include a nonprofit limited liability company organized under or governed by section 322C.1101.

Subd. 2. **When authorized.** A corporation that is a parent may merge a wholly owned subsidiary into itself or may merge two or more wholly owned subsidiaries into one of the wholly owned subsidiaries by adoption of a plan of merger that meets the requirements of subdivision 2a and is approved in the manner described in subdivision 3.

Subd. 2a. **Plan of merger.** The plan of merger must contain:

(1) the name of each wholly owned subsidiary that is a constituent organization in the merger, the name of the parent, and the name of the surviving organization;

(2) the terms and conditions of the proposed merger; and

(3) the manner and basis of converting the governance and financial interests of the wholly owned subsidiary into membership interests of the surviving organization, if applicable.

Subd. 3. **Approval by parent.** (a) When a parent has members with voting rights, the board of directors of the parent shall adopt a resolution by the affirmative vote of a majority of all directors approving a proposed plan of merger under this section and directing that the plan be submitted to a vote at a meeting of the members with voting rights. Notice of the meeting must be given to each member with voting rights, accompanied by a copy or summary of the proposed plan. Unless the articles or bylaws require a greater

vote, the plan of merger is adopted upon receiving the affirmative vote of a majority of the members with voting rights voting on the action.

(b) When a parent does not have members with voting rights, and unless the articles or bylaws require a greater vote, a plan of merger under this section is adopted at a meeting of the board of directors of the parent upon receiving the affirmative votes of a majority of the directors. Notice of the meeting must be given, accompanied by a copy of the proposed plan of merger.

Subd. 4. **Articles of merger; contents of articles.** Articles of merger must be prepared that contain:

(1) the plan of merger;

(2) a statement that the parent owns directly, or indirectly through related organizations, all of the governance and financial interests of each wholly owned subsidiary that is a constituent organization in the merger;

(3) a statement that the plan of merger has been approved by the parent under this section; and

(4) a statement that the notice to the attorney general required by section 317A.811 has been given and the waiting period has expired or has been waived by the attorney general or a statement that section 317A.811 is not applicable.

Subd. 5. **Articles signed, filed.** The articles of merger must be signed on behalf of the parent and filed with the secretary of state.

Subd. 6. **Certificate.** The secretary of state shall issue a certificate of merger to the parent or the parent's legal representative or, if a wholly owned subsidiary is the surviving organization in the merger, to the surviving organization or its legal representative.

History: *2017 c 17 s 9; 2018 c 103 s 18*

317A.631 ABANDONMENT.

Subdivision 1. **By members or board of each corporation; under terms of plan.** After a plan of merger or consolidation has been approved by each constituent corporation under section 317A.613 and before the effective date of the plan, it may be abandoned:

(1) if each constituent corporation has approved the abandonment at a meeting by a majority of the members with voting rights voting on the issue, or if the corporation does not have members with voting rights, by a majority of all directors; or

(2) if the plan itself provides for abandonment and the conditions for abandonment in the plan are met.

Subd. 2. **By board of one corporation.** A plan of merger or consolidation may be abandoned after it has been approved by each constituent corporation and before the effective date of the plan, by a resolution approved by a majority of all directors of the constituent corporation abandoning the plan of merger or consolidation, subject to the contract rights of any other person under the plan.

Subd. 3. **Filing of articles.** If articles of merger or consolidation have been filed with the secretary of state, but have not yet become effective, the constituent corporations, in the case of abandonment under subdivision 1, clause (1), the constituent corporations or any one of them, in the case of abandonment under subdivision 1, clause (2), or the abandoning corporation in the case of abandonment under subdivision 2, shall file with the secretary of state articles of abandonment that contain:

(1) the names of the constituent corporations;

(2) the provision of this section under which the plan is abandoned; and

(3) if the plan is abandoned under subdivision 2, the text of the resolution approved by the directors abandoning the plan.

History: *1989 c 304 s 88; 2017 c 17 s 19*

317A.641 EFFECTIVE DATE OF MERGER OR CONSOLIDATION; EFFECT.

Subdivision 1. **Effective date.** A merger or consolidation is effective when the articles of merger or consolidation are filed with the secretary of state or on a later date named in the articles.

Subd. 2. **Effect on corporation; general.** When a merger or consolidation becomes effective:

(1) the constituent corporations become a single corporation, which in case of merger is a surviving corporation, or in case of consolidation is a new corporation;

(2) subject to clause (3) and section 317A.643, the separate existence of the constituent corporations except the surviving corporation ends;

(3) when the agreement of merger or consolidation expressly provides for the continuance of the corporate existence of a constituent corporation and expressly declares the purpose for the continuance, the corporate existence of the constituent corporation continues in the single corporation for the purpose declared in the agreement;

(4) the single corporation has the rights, privileges, immunities, and powers, and is subject to the duties and liabilities, of a corporation formed under this chapter;

(5) the single corporation has the rights, privileges, immunities, powers, and franchises, public and private, of each constituent corporation;

(6) all real or personal property, debts, including debts arising from a subscription for membership, and interests belonging to each constituent corporation are transferred to the single corporation without further act or deed;

(7) interest in real estate possessed by a constituent corporation does not revert to the grantor, or otherwise, nor is it in any way impaired by reason of the merger or consolidation; and the personal property of a constituent corporation does not revert by reason of the merger or consolidation;

(8) except where the will or other instrument provides otherwise, and subject to section 317A.671, a devise, bequest, gift, or grant contained in a will or other instrument, in trust or otherwise, made before or after the merger or consolidation has become effective, to or for any of the constituent corporations, inures to the single corporation;

(9) debts, liabilities, and obligations of each constituent corporation become the debts, liabilities, and obligations of the single corporation, just as if the debts, liabilities, and obligations had been incurred or contracted by the single corporation;

(10) existing claims or a pending action or proceeding by or against a constituent corporation may be prosecuted to judgment as though the merger or consolidation had not been effected, or the single corporation may be substituted for the constituent corporation;

(11) the liabilities of the members, officers, directors, or similar groups or persons, however denominated, of a constituent corporation are not affected by the merger or consolidation of a constituent corporation;

(12) the rights of creditors or liens upon the property of a constituent corporation are not impaired by the merger or consolidation, but the liens are limited to the property upon which they were liens immediately before the merger or consolidation;

(13) the articles of the surviving corporation are considered to be amended to the extent that changes in its articles are contained in a plan of merger; and

(14) in the case of a consolidation, the plan of consolidation constitutes the articles of incorporation of the new corporation.

Subd. 3. **Effect on fiduciary capacity.** (a) For purposes of this subdivision, "fiduciary capacity" means the capacities of trustee, executor, administrator, personal representative, guardian, conservator, receiver, escrow agent, agent for the investment of money, attorney-in-fact, or a similar capacity.

(b) Except where the will, declaration of trust, or other instrument provides otherwise, the single corporation is, without further act or deed, the successor of the constituent corporations in fiduciary capacities in which a constituent corporation was acting at the time of the merger or consolidation and is liable to the beneficiaries as fully as if the constituent corporation had continued its separate corporate existence.

(c) If a constituent corporation is nominated and appointed, or has been nominated and appointed, in a fiduciary capacity in a will, declaration of trust, or other instrument, order, or judgment before or after the merger or consolidation, then even if the will or other instrument, order, or judgment does not become operative or effective until after the merger or consolidation becomes effective, every fiduciary capacity and the rights, powers, privileges, duties, discretions, and responsibilities provided for in the nomination or appointment fully vest in and are to be exercised by the single corporation, whether there are one or more successive mergers or consolidations.

History: *1989 c 304 s 89*

317A.643 CONTINUANCE OF CORPORATE AUTHORITY.

When an act or instrument is considered necessary or appropriate to evidence the vesting of property or other rights in the single corporation, the persons with authority to do so under the articles or bylaws of each constituent corporation shall do the act or execute and deliver the instrument and for this purpose, the existence of the constituent corporations and the authority of those persons is continued.

History: *1989 c 304 s 90*

317A.651 MERGER OR CONSOLIDATION WITH FOREIGN CORPORATION.

Subdivision 1. **When permitted.** A corporation may merge or consolidate with a foreign corporation by following the procedures set forth in this section, if the merger or consolidation is permitted by the laws of the state under which the foreign corporation is incorporated.

Subd. 2. **Laws applicable before transaction.** Each corporation shall comply with sections 317A.601 to 317A.643 with respect to the merger or consolidation of corporations and each foreign corporation shall comply with the laws under which it was incorporated or by which it is governed.

Subd. 3. **Surviving corporation.** If the single corporation will be incorporated under this chapter, it shall comply with this chapter.

Subd. 4. **Foreign surviving corporation.** If the single corporation will be a foreign corporation and will transact business in this state, it shall comply with the provisions of chapter 303 with respect to foreign corporations. In every case the single corporation shall file with the secretary of state:

(1) an agreement that it may be served with process in this state in a proceeding for the enforcement of an obligation of a constituent corporation; and

(2) an irrevocable appointment of the secretary of state as its agent to accept service of process in any proceeding and an address to which process may be forwarded.

History: *1989 c 304 s 91*

317A.661 TRANSFER OF ASSETS; REQUIRED APPROVAL.

Subdivision 1. **Approval required.** A corporation may sell, lease, transfer, dispose of, or grant a security interest in all or substantially all of its property and assets only as provided in this section.

Subd. 1a. **Transfer of assets in the regular course of business; approval by board.** Unless otherwise provided in its articles or bylaws, a corporation, by the affirmative vote of a majority of directors, may sell, lease, transfer, or dispose of all or substantially all of its property and assets in the usual and regular course of its activities upon those terms and conditions and for those considerations, which may be money, securities, or other instruments for the payment of money or other property, as the board considers expedient. Member approval is not required under this section.

Subd. 2. **Transfer of assets not in the regular course of business.** (a) A corporation, by the affirmative vote of a majority of all directors, may sell, lease, transfer, or dispose of all or substantially all of its property and assets, including its good will, not in the usual and regular course of its activities, upon those terms and conditions and for those considerations, which may be money, securities, or other instruments for the payment of money or other property, as the board considers expedient. If there are members with voting rights, the sale, lease, transfer, or disposition must be submitted to the members under paragraph (b). If there are no members with voting rights, member approval is not required.

(b) Written notice must be given to each member with voting rights, within the time and in the manner provided in section 317A.435 for notice of meetings of members and, whether the meeting is a regular or special meeting, must state that a purpose of the meeting is to consider the sale, lease, transfer, or other disposition of all or substantially all of the property and assets of the corporation. The sale, lease, transfer, or disposition must be approved at a regular or special meeting of the members by the affirmative vote of the majority of the members with voting rights voting on the action.

Subd. 2a. **Grant of security interest; approval by board.** Unless otherwise provided in its articles or bylaws and subject to section 317A.501, subdivision 1, a corporation may, by the affirmative vote of a majority of directors, grant a security interest in all or substantially all of its property and assets whether or not in the usual and regular course of its activities, upon those terms and conditions and for those considerations, which may be money, securities, or other instruments for the payment of money or other property, as the board considers expedient. Member approval is not required under this section.

Subd. 3. **Notice to attorney general.** If applicable, a corporation shall comply with section 317A.811 before transferring all or substantially all of its assets under this section.

Subd. 4. **Signing of documents.** Confirmatory deeds, assignments, or similar instruments to evidence a sale, lease, transfer, or other disposition may be signed and delivered at any time in the name of the transferor by its current officers or, if the corporation no longer exists, by its last officers.

Subd. 5. **Transferee liability.** The transferee is liable for the debts, obligations, and liabilities of the transferor only to the extent provided in the contract or agreement between the transferee and the transferor or to the extent provided by this chapter or other statutes of this state.

History: *1989 c 304 s 92; 2010 c 250 art 1 s 37*

317A.671 CERTAIN ASSETS NOT TO BE DIVERTED.

Except as provided in section 501B.31, when a corporation:

(1) converts;

(2) dissolves;

(3) merges;

(4) substantially changes the use or purposes for which it will use its assets;

(5) consolidates;

(6) transfers its assets; or

(7) grants a mortgage or other security interest in its assets,

assets of the corporation or a constituent corporation or converting corporation, and assets subsequently received by a single or converted corporation after a merger or consolidation, or held by a converted organization after a conversion may not be diverted from the uses and purposes for which the assets have been received and held, or from the uses and purposes expressed or intended by the original donor.

History: *1989 c 304 s 93; 1989 c 340 art 2 s 9; 1997 c 222 s 43; 2017 c 17 s 10*

317A.681 CONVERSION.

Subdivision 1. **Definitions.** (a) For the purposes of sections 317A.671 to 317A.689, the terms in this section have the meanings given.

(b) "Organizational document" means:

(1) for a domestic or foreign limited liability company, its articles or certificate of organization;

(2) for a trust, its agreement of trust or declaration of trust;

(3) for a domestic or foreign corporation, its articles or certificate of incorporation; and

(4) for any other organization, the basic record that creates the organization.

(c) "Converted organization" means the organization into which a converting organization converts pursuant to sections 317A.681 to 317A.689.

(d) "Converting organization" means an organization that converts into another organization pursuant to sections 317A.681 to 317A.689.

(e) "Converting corporation" means a corporation governed under this chapter.

Subd. 2. **Conversion requirements.** An organization other than a corporation may convert to a corporation, and a corporation may convert to another organization, pursuant to this section, sections 317A.683 to 317A.689, and a plan of conversion if:

(1) the converting organization's governing statute authorizes the conversion;

(2) the conversion is not prohibited by another law of this state or the law of the jurisdiction that enacted the converting organization's governing statute;

(3) the converting organization complies with its governing statute in effecting the conversion;

(4) the converting organization and the converted organization's governing statute prohibits the organization from:

(i) being formed for a purpose involving pecuniary gain to its members, other than to members that are nonprofit organizations or subdivisions, units, or agencies of the United States or a state or local government; and

(ii) paying dividends or other pecuniary remuneration, directly or indirectly, to its members, other than to members that are nonprofit organizations or subdivisions, units, or agencies of the United States or a state or local government; and

(5) the attorney general has been notified, to the extent applicable under section 317A.811, and any applicable waiting periods under that section have expired.

Subd. 3. **Contents of plan of conversion.** A plan of conversion must include:

(1) the name and form of the converting organization and the jurisdiction of the converting organization's governing statute before conversion;

(2) the name and form of the converted organization and the jurisdiction of the converted organization's governing statute after conversion;

(3) the terms and conditions of the conversion, including the manner and basis for converting interests in the converting organization into interests in the converted organization; and

(4) the organizational documents of the converted organization as they are to be in effect upon completion of the conversion.

History: *2017 c 17 s 11*

317A.683 ACTION ON PLAN OF CONVERSION BY CONVERTING CORPORATION.

Subdivision 1. **Approval.** A plan of conversion must be approved and adopted by a converting corporation as provided in this section.

Subd. 2. **Approval by board and members with voting rights.** When a corporation has members with voting rights, the board of directors of the corporation shall adopt a resolution by the affirmative vote of a majority of all directors approving a proposed plan of conversion and directing that the plan be submitted to a vote at a meeting of the members with voting rights. Notice of the meeting must be given to each member with voting rights, accompanied by a copy or summary of the proposed plan. Unless the articles or bylaws require a greater vote, the plan of conversion is adopted upon receiving the affirmative vote of a majority of the members with voting rights voting on the action.

Subd. 3. **Approval by board.** When a corporation does not have members with voting rights, and unless the articles or bylaws require a greater vote, a plan of conversion is adopted at a meeting of the board of directors of the corporation upon receiving the affirmative votes of a majority of all directors. Notice of the meeting must be given, accompanied by a copy of the proposed plan of conversion.

History: *2017 c 17 s 12*

317A.685 FILINGS REQUIRED FOR CONVERSION; EFFECTIVE DATE AND TIME.

Subdivision 1. **Articles of conversion.** After a plan of conversion is approved:

(1) if the converting organization is a converting corporation, the converting corporation shall file articles of conversion with the secretary of state, which must be signed as provided in section 317A.011, subdivision 19, and must include:

(i) the plan of conversion;

(ii) a statement that the corporation is converting into another organization;

(iii) the name and form of the converted organization and the jurisdiction of its governing statute;

(iv) the time the conversion is effective under the governing statute of the converted organization;

(v) a statement that the conversion was approved as required by this chapter;

(vi) a statement that the conversion was approved as required by the governing statute of the converted organization;

(vii) if the converted organization is a domestic organization, the organizational document of the converted organization;

(viii) if the converted organization is a foreign organization not authorized to transact business in this state, the street address of an office that the secretary of state may use for the purposes of section 317A.689, subdivision 3; and

(ix) if applicable, a statement that the notice to the attorney general required by section 317A.811 has been given and any applicable period has expired or has been waived by the attorney general, or a statement that section 317A.811 is not applicable; and

(2) if the converting organization is not a converting corporation, the converting organization shall file articles of conversion with the secretary of state, which must be signed as provided in section 317A.011, subdivision 19, and must include:

(i) articles of incorporation for the corporation into which the converting organization is converting, which must include the information required by section 317A.111, subdivision 1, clauses (1) and (2);

(ii) the plan of conversion;

(iii) a statement that the converting organization is converting into a corporation;

(iv) the name and form of the converting organization and the jurisdiction of its governing statute;

(v) a statement that the conversion was approved in a manner that complied with the converting organization's governing statute; and

(vi) if applicable, a statement that the notice to the attorney general required by section 317A.811 has been given and any applicable waiting period has expired or has been waived by the attorney general, or a statement that section 317A.811 is not applicable.

Subd. 2. **Effective date and time of conversion.** A conversion becomes effective:

(1) if the converted organization is a corporation, when the articles of conversion are filed with the secretary of state or on a later date or at a later time specified in the articles of conversion; or

(2) if the converted organization is not a corporation, as provided by the governing statute of the converted organization.

Subd. 3. **Certificate.** The secretary of state shall issue to the converted organization or its legal representative a certificate of conversion and, if the converted organization is a corporation, a certificate of incorporation.

History: *2017 c 17 s 13*

317A.687 ABANDONMENT.

Subject to any contractual rights, after a conversion is approved, and at any time before articles of conversion are delivered to the secretary of state for filing under section 317A.685, a converting corporation may amend the plan or abandon the conversion:

(1) as provided in the plan; or

(2) except as otherwise prohibited in the plan, by the same consent as was required to approve the plan.

History: *2017 c 17 s 14*

317A.689 EFFECT OF CONVERSION.

Subdivision 1. **Effect on corporation; general.** When a conversion becomes effective, an organization that has been converted pursuant to sections 317A.681 to 317A.687 is for all purposes the same entity that existed before the conversion, and:

(1) all property owned by the converting organization remains vested in the converted organization and no assignment by operation of law or otherwise of its assets, properties, or contracts shall be deemed to have occurred;

(2) all debts, obligations, or other liabilities of the converting organization continue as debts, obligations, or other liabilities of the converted organization;

(3) an action or proceeding pending by or against the converting organization may be continued as if the conversion had not occurred or as actions or proceedings by or against the converted organization;

(4) except as prohibited by law other than this chapter, all rights, privileges, immunities, powers, and purposes of the converting organization remain vested in the converted organization; and

(5) the conversion does not dissolve a converting corporation for the purposes of sections 317A.701 to 317A.791.

Subd. 2. **Effect on fiduciary capacity.** (a) For purposes of this subdivision, "fiduciary capacity" means the capacities of a trustee, executor, administrator, personal representative, guardian, conservator, receiver, escrow agent, agent for the investment of money, attorney-in-fact, or a similar capacity.

(b) Except where the will, declaration of trust, or other instrument provides otherwise, the converted organization is, without further act or deed, the successor of the converting organization in fiduciary capacities in which a corporation was acting at the time of the conversion and is liable to the beneficiaries as fully as if the corporation had continued its prior corporate existence.

(c) If a converting organization or converting corporation is or has been nominated and appointed in a fiduciary capacity in a will, declaration of trust, or other instrument, order, or judgment before or after the conversion, then even if the will or other instrument, order, or judgment does not become operative or effective until after the conversion becomes effective, every fiduciary capacity and the rights, powers, privileges, duties, discretions, and responsibilities provided for in the nomination or appointment fully vest in and are to be exercised by the converting corporation, whether there are one or more successive conversions.

Subd. 3. **Foreign organization.** A converted organization that is a foreign organization consents to the jurisdiction of the courts of this state to enforce any debt, obligation, or other liability for which the converting corporation is liable if, before the conversion, the converting corporation was subject to suit in this state on the debt, obligation, or other liability. A converted organization that is a foreign organization and not authorized to transact business in this state appoints the secretary of state as its agent for service of process for purposes of enforcing a debt, obligation, or other liability under this subdivision.

History: *2017 c 17 s 15*

DISSOLUTION

317A.701 METHODS OF DISSOLUTION.

(a) Subject to section 317A.811, a corporation may be dissolved:

(1) by the incorporators under section 317A.711;

(2) by the board and members with voting rights under sections 317A.721 to 317A.733; or

(3) by order of a court under sections 317A.741 to 317A.765.

(b) A corporation also may be dissolved by the secretary of state under section 317A.827.

History: *1989 c 304 s 94*

317A.711 VOLUNTARY DISSOLUTION BY INCORPORATORS.

Subdivision 1. **Manner.** If the first board of directors has not been named in the articles, designated or appointed pursuant to the articles, or elected under section 317A.171, a corporation may be dissolved by the incorporators as provided in this section.

Subd. 2. **Articles of dissolution.** (a) A majority of the incorporators shall sign articles of dissolution containing:

(1) the name of the corporation;

(2) the date of incorporation;

(3) a statement that the first board of directors has not been named in the articles, designated or appointed pursuant to the articles, or elected at an organizational meeting;

(4) a statement that no debts remain unpaid; and

(5) a statement that notice to the attorney general required by section 317A.811 has been given and the waiting period has expired or has been waived by the attorney general or a statement that section 317A.811 is not applicable.

(b) The articles of dissolution must be filed with the secretary of state.

Subd. 3. **Effective date.** When the articles of dissolution have been filed with the secretary of state, the corporation is dissolved.

Subd. 4. **Certificate.** The secretary of state shall issue to the dissolved corporation a certificate of dissolution that contains:

(1) the name of the corporation;

(2) the date the articles of dissolution were filed with the secretary of state; and

(3) a statement that the corporation is dissolved.

History: *1989 c 304 s 95; 1990 c 488 s 33; 2011 c 106 s 13*

317A.721 VOLUNTARY DISSOLUTION BY BOARD AND MEMBERS WITH VOTING RIGHTS.

Subdivision 1. **Approval required.** A corporation may be dissolved by the board and members with voting rights as provided in this section.

Subd. 2. **Approval by board; plan of dissolution.** The board shall adopt a resolution proposing dissolution of the corporation by the affirmative vote of a majority of all directors. The resolution must include a plan of dissolution that states to whom the assets owned or held by the corporation will be distributed after creditors are paid. The plan must comply with the requirements of section 317A.735. If the board will have discretion in distributing assets, the plan must state that the assets will be distributed to persons the board subsequently identifies. If there are members with voting rights, the resolution and plan of dissolution must be submitted to the members under subdivision 3.

Subd. 3. **Approval by members with voting rights.** (a) Written notice must be given to each member with voting rights, within the time and in the manner provided in section 317A.435 for notice of meetings of members and, whether the meeting is a regular or a special meeting, must state that a purpose of the meeting is to consider dissolving the corporation.

(b) The proposed dissolution must be submitted for approval at a meeting of members. If the proposed dissolution is approved by the members with voting rights, the dissolution must be started.

History: *1989 c 304 s 96; 2010 c 250 art 1 s 38,39*

317A.723 FILING NOTICE OF INTENT TO DISSOLVE; EFFECT.

Subdivision 1. **Contents.** If dissolution of the corporation is approved under section 317A.721, the corporation shall file with the secretary of state a notice of intent to dissolve. The notice must contain:

(1) the name of the corporation;

(2) the date and place of the meeting at which the resolution was approved by the board under section 317A.721, subdivision 2, and by the members under section 317A.721, subdivision 3, if applicable; and

(3) a statement that the requisite approval of the directors and members was received.

If applicable, the corporation also shall notify the attorney general under section 317A.811.

Subd. 2. **Winding up.** When the notice of intent to dissolve has been filed with the secretary of state and subject to section 317A.731, the corporation may not carry on its activities, except to the extent necessary for the winding up of the corporation. The board and members with voting rights have the right to revoke the dissolution proceedings under section 317A.731 and the members with voting rights have the right to remove directors or fill vacancies on the board. The corporate existence continues to the extent necessary to wind up the affairs of the corporation until the dissolution proceedings are revoked or articles of dissolution are filed with the secretary of state.

Subd. 3. **Remedies continued.** The filing with the secretary of state of a notice of intent to dissolve does not affect a remedy in favor of the corporation or a remedy against it or its directors, officers, or members in those capacities, except as provided in section 317A.781.

History: *1989 c 304 s 97*

317A.725 PROCEDURE IN DISSOLUTION.

Subdivision 1. **Collection; payment.** When a notice of intent to dissolve has been filed with the secretary of state, the board, or the officers acting under the direction of the board, shall proceed as soon as possible:

(1) to collect or make provision for the collection of debts due or owing to the corporation; and

(2) to pay or make provision for the payment of debts, obligations, and liabilities of the corporation according to their priorities.

Subd. 2. **Transfer of assets.** Notwithstanding section 317A.661, when a notice of intent to dissolve has been filed with the secretary of state, the directors may sell, lease, transfer, or otherwise dispose of all or substantially all of the property and assets of a dissolving corporation without a vote of the members, subject to sections 317A.671 and 317A.811.

Subd. 3. **Distribution of assets.** Tangible or intangible property, including money, remaining after the discharge of the debts, obligations, and liabilities of the corporation must be distributed under section 317A.735.

History: *1989 c 304 s 98*

317A.727 NOTICE TO CREDITORS AND CLAIMANTS.

Subdivision 1. **When permitted; how given.** When a notice of intent to dissolve has been filed with the secretary of state and the attorney general, if applicable, the corporation may give notice of the filing to each creditor of and claimant against the corporation known or unknown, present or future, and contingent or noncontingent. If notice to creditors and claimants is given, it must be given by publishing the notice once each week for four successive weeks in a legal newspaper in the county where the registered office of the corporation is located and by giving written notice to known creditors and claimants under section 317A.011, subdivision 14.

Subd. 2. **Contents.** The notice to creditors and claimants must contain:

(1) a statement that the corporation is in the process of dissolving;

(2) a statement that the corporation has filed a notice of intent to dissolve with the secretary of state;

(3) the date of filing the notice of intent to dissolve;

(4) the address of the office to which written claims against the corporation must be presented; and

(5) the date by which the claims must be received, which is the later of 90 days after published notice or, with respect to a particular known creditor or claimant, 90 days after the date on which written notice is given to that creditor or claimant. Published notice is considered given on the date of first publication for determining this date.

History: *1989 c 304 s 99*

317A.729 CLAIMS IN DISSOLUTION.

If the corporation gives notice to creditors and claimants under section 317A.727:

(1) the corporation has 30 days from the receipt of each claim filed according to the procedures set forth by the corporation on or before the date set forth in the notice to accept or reject the claim by giving written notice to the person submitting it, a claim not expressly rejected in this manner is considered accepted; and

(2) a creditor or claimant to whom notice is given and whose claim is rejected by the corporation has 60 days from the date of rejection, or 180 days from the date the corporation filed the notice of intent to dissolve with the secretary of state, or 90 days after the date on which notice was given to the creditor or claimant, whichever is longer, to pursue other remedies with respect to the claim.

History: *1989 c 304 s 100*

317A.730 STATUTE OF LIMITATIONS.

Subdivision 1. **Corporations that give notice.** If the corporation gives notice to creditors and claimants under section 317A.727:

(1) the claim of a creditor or claimant to whom notice is given who fails to file a claim according to the procedures set forth by the corporation on or before the date set forth in the notice is subject to section 317A.781; and

(2) the claim of a creditor or claimant that is rejected by the corporation under section 317A.729 is subject to section 317A.781 if the creditor or claimant does not begin legal, administrative, or arbitration proceedings with respect to the claim during the period set forth in section 317A.729, clause (2).

Subd. 2. **Other corporations.** If the corporation does not give notice to creditors and claimants under section 317A.727, the claim of a creditor or claimant who does not begin legal, administrative, or arbitration proceedings concerning the claim within two years after the date of filing the notice of intent to dissolve is subject to section 317A.781.

History: *1989 c 304 s 101*

317A.731 REVOCATION OF DISSOLUTION PROCEEDINGS.

Subdivision 1. **Generally.** Dissolution proceedings begun under section 317A.721 may be revoked before the articles of dissolution are filed as provided in this section.

Subd. 2. **Revocation by board.** The board may adopt a resolution revoking the proposed dissolution by the affirmative vote of a majority of all directors. If there are members with voting rights, the resolution must be submitted to the members under subdivision 3.

Subd. 3. **Approval by members with voting rights.** Written notice must be given to the members with voting rights within the time and in the manner provided in section 317A.435 for notice of meetings of members and must state that a purpose of the meeting is to consider the advisability of revoking the dissolution proceedings. The proposed revocation must be submitted to the members at the meeting. If the proposed revocation is approved by the members with voting rights, the dissolution proceedings are revoked.

Subd. 4. **Effective date; effect.** Revocation of dissolution proceedings is effective when a notice of revocation is filed with the secretary of state. After the notice is filed, the corporation may resume business. If notice to the attorney general has been given under section 317A.811, the notice of revocation also must be given to the attorney general on or before the time that it is filed with the secretary of state.

History: *1989 c 304 s 102*

317A.733 ARTICLES OF DISSOLUTION; CERTIFICATE OF DISSOLUTION; EFFECT.

Subdivision 1. **Articles; when filed.** Articles of dissolution for a corporation dissolving under section 317A.721 must be filed with the secretary of state after compliance with section 317A.811, if applicable, and:

(1) the payment of claims of known creditors and claimants has been made or provided for;

(2) if the corporation has given notice to creditors and claimants in the manner provided in section 317A.727: (i) the 90-day period in section 317A.727, subdivision 2, clause (5), has expired and the payment of claims of the creditors and claimants filing a claim within that period has been made or provided for; or (ii) the longer of the periods described in section 317A.729, clause (2), has expired; or, in all other cases;

(3) the two-year period described in section 317A.730 has expired.

Subd. 2. **Contents of articles.** The articles of dissolution must state:

(a)(1) whether notice has been given to the creditors and claimants of the corporation in the manner provided in section 317A.727 and, if notice has been given, the last date on which the notice was given and: (i) that the payment of the creditors and claimants filing a claim within the 90-day period set forth in section 317A.727, subdivision 2, clause (5), has been made or provided for; or (ii) the date on which the longer of the periods described in section 317A.729, clause (2), expired; or

(2) if notice was not given and articles of dissolution are being filed under subdivision 1, clause (1), that the debts, obligations, and liabilities of the corporation have been paid and discharged or that adequate provisions have been made for them;

(b) that the remaining assets of the corporation have been distributed under section 317A.735 or that adequate provision has been made for the distribution;

(c) that there are no pending legal, administrative, or arbitration proceedings by or against the corporation, or that adequate provision has been made for the satisfaction of a judgment, order, or decree that may be entered against it in a pending proceeding; and

(d) if applicable, that notice to the attorney general required by section 317A.811 has been given and the waiting period has expired or has been waived by the attorney general.

Subd. 3. **Effective date.** When the articles of dissolution have been filed with the secretary of state, or on a later date or a later time each within 30 days after filing if the articles of dissolution so provide, the corporation is dissolved.

Subd. 4. **Certificate.** The secretary of state shall issue to the dissolved corporation a certificate of dissolution that contains:

(1) the name of the corporation;

(2) the date the dissolution was filed with the secretary of state; and

(3) a statement that the corporation is dissolved at the effective date and time of the dissolution.

History: *1989 c 304 s 103; 1995 c 186 s 65,66; 2002 c 311 art 3 s 13,14; 2011 c 106 s 14*

317A.735 DISTRIBUTION OF ASSETS.

Subdivision 1. **General.** In performing their duties under section 317A.725, the board, or the officers acting under the direction of the board, shall distribute the assets of the corporation in the following order of priority:

(1) distribution of assets received and held for a special use or purpose under subdivision 2;

(2) payment of costs and expenses of the dissolution proceedings, including attorney fees and disbursements;

(3) payment of debts, obligations, and liabilities of the corporation;

(4) distribution of assets pursuant to articles or bylaws of the dissolving corporation or the rules or canons of another organization under subdivision 3; and

(5) distribution of remaining assets under subdivision 4.

Subd. 2. **Special use or purpose.** Assets of the corporation may not be diverted from the uses and purposes for which the assets have been received and held, or from the uses and purposes expressed or intended by the original donor.

Subd. 3. **Articles, bylaws, or another organization.** Where the articles or bylaws of the dissolving corporation, or the rules or canons of another organization by which the dissolving corporation is bound, provide for a particular distribution of the assets of the dissolving corporation, the assets must be distributed accordingly.

Subd. 4. **Remainder.** The distribution of assets held for or devoted to a charitable or public use or purpose is subject to section 501B.31.

History: *1989 c 304 s 104; 1989 c 340 art 2 s 10; 1990 c 488 s 34,35*

317A.741 SUPERVISED VOLUNTARY DISSOLUTION.

After the notice of intent to dissolve has been filed with the secretary of state and before a certificate of dissolution has been issued, the corporation, the attorney general, or, for good cause, a creditor or at least 50 members with voting rights or ten percent of the members with voting rights, whichever is less, may apply to a court within the county in which the registered office of the corporation is located to have the dissolution conducted or continued under the supervision of the court under sections 317A.751 to 317A.765.

History: *1989 c 304 s 105*

317A.751 JUDICIAL INTERVENTION; EQUITABLE REMEDIES OR DISSOLUTION.

Subdivision 1. **General; when permitted.** A court may grant equitable relief it considers just and reasonable in the circumstances or may dissolve a corporation and liquidate its assets and business as provided in this section.

Subd. 2. **Supervised voluntary dissolution.** A court may grant equitable relief in a supervised voluntary dissolution under section 317A.741.

Subd. 3. **Action by director or members with voting rights.** A court may grant equitable relief in an action by a director or at least 50 members with voting rights or ten percent of the members with voting rights, whichever is less, when it is established that:

(1) the directors or the persons having the authority otherwise vested in the board are deadlocked in the management of the corporate affairs, the members cannot break the deadlock, and the corporation or the parties have not provided for a procedure to resolve the dispute;

(2) the directors or those in control of the corporation have acted fraudulently, illegally, or in a manner unfairly prejudicial toward one or more members in their capacities as members, directors, or officers;

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

(4) the corporate assets are being misapplied or wasted; or

(5) the period of duration as provided in the articles has expired.

Subd. 4. **Action by creditor.** A court may grant equitable relief in an action by a creditor when:

(1) the claim of the creditor has been reduced to judgment and an execution on it has been returned unsatisfied; or

(2) the corporation has admitted in writing that the claim of the creditor is due and owing and it is established that the corporation cannot pay its debts in the ordinary course of its activities.

Subd. 5. **Action by attorney general.** A court may grant equitable relief in an action by the attorney general when it is established that:

(1) the articles and certificate of incorporation were obtained through fraud;

(2) the corporation should not have been formed under this chapter;

(3) the corporation failed to comply with the requirements of sections 317A.021 to 317A.155 essential to incorporation under or election to become governed by this chapter;

(4) the corporation has flagrantly violated a provision of this chapter, has violated a provision of this chapter more than once, or has violated more than one provision of this chapter;

(5) the corporation has engaged in an unauthorized act, contract, conveyance, or transfer or has exceeded its powers;

(6) the corporation has acted, or failed to act, in a manner that constitutes surrender or abandonment of the corporate purpose, franchise, privileges, or enterprise;

(7) the corporation has liabilities and obligations exceeding the corporate assets;

(8) the period of corporate existence has ended without extension;

(9) the corporation has failed for a period of 90 days to pay fees, charges, or penalties required by this chapter;

(10) the corporation has failed for a period of 30 days after changing its registered office to file with the secretary of state a statement of the change;

(11) the corporation has answered falsely or failed to answer a reasonable written interrogatory from the secretary of state, the attorney general, the commissioner of human services, commissioner of commerce, or commissioner of revenue, to the corporation, its officers, or directors;

(12) the corporation has solicited property and has failed to use it for the purpose solicited; or

(13) the corporation has fraudulently used or solicited property.

Subd. 6. **Condition of corporation.** In determining whether to order equitable relief or dissolution under this section, the court shall consider the financial condition of the corporation but may not refuse to order equitable relief or dissolution solely on the ground that the corporation is solvent.

Subd. 7. **Dissolution as remedy.** In deciding whether to order dissolution, the court shall consider whether lesser relief suggested by one or more parties, such as any form of equitable relief or a partial liquidation, would be adequate to permanently relieve the circumstances established under subdivision 3, 4, or 5. Lesser relief may be ordered if it would be appropriate under the facts and circumstances of the case.

Subd. 8. **Expenses.** If the court finds that a party to a proceeding brought under this section has acted arbitrarily, vexatiously, or otherwise not in good faith, it may award reasonable expenses, including attorneys fees and disbursements, to any of the other parties.

Subd. 9. **Venue; parties.** Proceedings under this section must be brought in a court within the county in which the registered office of the corporation is located. It is not necessary to make members parties to the action or proceeding unless relief is sought against them personally.

History: *1989 c 304 s 106; 1992 c 503 s 13; 2011 c 106 s 15*

317A.753 PROCEDURE IN INVOLUNTARY OR SUPERVISED VOLUNTARY DISSOLUTION.

Subdivision 1. **Action before hearing.** In dissolution proceedings the court may issue injunctions, appoint receivers with powers and duties the court directs, take other actions required to preserve the corporate assets wherever located, and carry on the business of the corporation until a full hearing can be held.

Subd. 2. **Notice to attorney general; intervention.** When a proceeding involving a corporation described in section 317A.811, subdivision 1, is begun, the court shall order that a copy of the petition be served on the attorney general. In all proceedings under this section, the attorney general has a right to participate as a party.

Subd. 3. **Action after hearing.** After a full hearing has been held, upon whatever notice the court directs to be given to the parties to the proceedings and to other parties in interest designated by the court, the court may appoint a receiver to collect the corporate assets. In addition to the powers set forth in chapter 576, a receiver has authority, subject to the order of the court, to continue the business of the corporation and to

sell, lease, transfer, or otherwise dispose of all or any of the assets of the corporation at a public or private sale.

Subd. 4. **Discharge of obligations.** The assets of the corporation or the proceeds resulting from a sale, lease, transfer, or other disposition must be applied in the order of priority set forth in section 576.51.

Subd. 5. **Remainder.** After payment of the expenses of receivership and claims of creditors duly proved, the remaining assets, if any, must be distributed as provided in section 317A.735.

History: *1989 c 304 s 107; 2012 c 143 art 3 s 17,18*

317A.755 QUALIFICATIONS OF RECEIVERS; POWERS.

Subdivision 1. **Qualifications.** Any person qualified under section 576.26 may be appointed as a receiver. A receiver shall give bond as required by section 576.27.

Subd. 2. **Powers.** A receiver may sue and defend all actions as receiver of the corporation. The court appointing the receiver has exclusive jurisdiction over the corporation, the receiver, and all receivership property pursuant to section 576.23.

History: *1989 c 304 s 108; 2012 c 143 art 3 s 19*

317A.759 FILING CLAIMS IN PROCEEDINGS TO DISSOLVE.

Subdivision 1. **Filing may be required.** In a proceeding under section 317A.751 to dissolve a corporation, the court may require creditors and claimants of the corporation to file their claims pursuant to section 576.49. The receiver or any party in interest may object to any claim pursuant to section 576.50.

Subd. 2. [Repealed, 2012 c 143 art 3 s 39]

History: *1989 c 304 s 109; 2012 c 143 art 3 s 20*

317A.763 DECREE OF DISSOLUTION.

Subdivision 1. **Procedure; when entered.** In an involuntary or supervised voluntary dissolution, the court shall provide for the discharge of obligations and the distribution of the assets as set forth in section 317A.753, subdivision 4, and shall enter a decree dissolving the corporation.

Subd. 2. **Effective date.** When the decree dissolving the corporation has been entered, the corporation is dissolved.

History: *1989 c 304 s 110*

317A.765 FILING DECREE.

After the court enters a decree dissolving a corporation, the court administrator shall cause a certified copy of the decree to be filed with the secretary of state. The secretary of state may not charge a fee for filing the decree.

History: *1989 c 304 s 111*

317A.771 DEPOSIT WITH COMMISSIONER OF MANAGEMENT AND BUDGET OF AMOUNT DUE CERTAIN PERSONS.

Upon dissolution of a corporation, the part of the assets distributable to a person who is unknown or cannot be found, or who is under disability, if there is no person legally competent to receive it, must be reduced to money and deposited with the commissioner of management and budget. The amount deposited is appropriated to the commissioner of management and budget and must be paid over to the person, upon proof satisfactory to the commissioner of management and budget of a right to payment.

History: *1989 c 304 s 112; 2003 c 112 art 2 s 50; 2009 c 101 art 2 s 109*

317A.781 CLAIMS BARRED; EXCEPTIONS.

Subdivision 1. **Claims barred.** A person who is or becomes a creditor or claimant at any time before, during, or following the conclusion of dissolution proceedings, who does not file a claim or pursue a remedy in a legal, administrative, or arbitration proceeding within the time provided in section 317A.730, 317A.741, 317A.751, or 317A.759, or has not begun a legal, administrative, or arbitration proceeding before the beginning of the dissolution proceedings, and a person claiming through or under the creditor or claimant, is barred from suing on that claim or otherwise realizing upon or enforcing it, except as provided in this section.

Subd. 2. **Claims reopened.** Within one year after articles of dissolution have been filed with the secretary of state under section 317A.733, subdivision 1, clause (1) or (2), or a decree of dissolution has been entered, a creditor or claimant who shows good cause for not having previously filed the claim may apply to a court in this state to allow a claim against the corporation to the extent of undistributed assets.

Subd. 3. **Claims permitted.** Debts, obligations, and liabilities incurred during dissolution proceedings must be paid or provided for by the corporation before the distribution of assets under section 317A.735. A person to whom this kind of debt, obligation, or liability is owed but not paid may pursue any remedy against the officers or directors of the corporation before the expiration of the applicable statute of limitations. This subdivision does not apply to dissolution under the supervision or order of a court.

History: *1989 c 304 s 113*

317A.783 RIGHT TO SUE OR DEFEND AFTER DISSOLUTION.

After a corporation has been dissolved, its former officers, directors, or members with voting rights may assert or defend, in the name of the corporation, a claim by or against the corporation.

History: *1989 c 304 s 114*

317A.791 OMITTED ASSETS.

Title to assets remaining after payment of the debts, obligations, or liabilities and after distributions may be transferred by a court in this state.

History: *1989 c 304 s 115*

317A.801 [Repealed, 2011 c 106 s 27]

317A.805 [Repealed, 2011 c 106 s 27]

ATTORNEY GENERAL

317A.811 NOTICE TO ATTORNEY GENERAL; WAITING PERIOD.

Subdivision 1. **When required.** (a) Except as provided in subdivision 6, the following corporations shall notify the attorney general of their intent to dissolve, merge, consolidate, or convert, or to transfer all or substantially all of their assets:

(1) a corporation that holds assets for a charitable purpose as defined in section 501B.35, subdivision 2;

(2) a corporation that is exempt under section 501(c)(3) of the Internal Revenue Code of 1986, or any successor section; or

(3) effective July 1, 2025, a nonprofit health coverage entity as defined in section 145D.30.

(b) The notice must include:

(1) the purpose of the corporation that is giving the notice;

(2) a list of assets owned or held by the corporation for charitable purposes;

(3) a description of restricted assets and purposes for which the assets were received;

(4) a description of debts, obligations, and liabilities of the corporation;

(5) a description of tangible assets being converted to cash and the manner in which they will be sold;

(6) anticipated expenses of the transaction, including attorney fees;

(7) a list of persons to whom assets will be transferred, if known, or the name of the converted organization;

(8) the purposes of persons receiving the assets or of the converted organization; and

(9) the terms, conditions, or restrictions, if any, to be imposed on the transferred or converted assets.

The notice must be signed on behalf of the corporation by an authorized person.

Subd. 2. **Restriction on transfers.** Subject to subdivision 3, a corporation described in subdivision 1 may not transfer or convey assets as part of a dissolution, merger, consolidation, or transfer of assets under section 317A.661, and it may not convert until 45 days after it has given written notice to the attorney general, unless the attorney general waives all or part of the waiting period.

Subd. 3. **Extension of waiting period.** The attorney general may extend the waiting period under subdivision 2 for one additional 30-day period by notifying the corporation in writing of the extension. The attorney general shall notify the secretary of state if the waiting period is extended.

Subd. 4. **Notice after transfer.** When all or substantially all of the assets of a corporation described in subdivision 1 have been transferred or conveyed following expiration or waiver of the waiting period, the board shall deliver to the attorney general a list of persons to whom the assets were transferred or conveyed. The list must include the addresses of each person who received assets and show what assets the person received.

Subd. 5. **Effect.** Failure of the attorney general to take an action with respect to a transaction under this section does not constitute approval of the transaction and does not prevent the attorney general from taking other action.

Subd. 6. **Exception.** Subdivisions 1 to 4 do not apply to a merger with, consolidation into, conversion into, or transfer of assets to an organization exempt under section 501(c)(3) of the Internal Revenue Code of 1986, or any successor section. A corporation that is exempt under this subdivision shall send a copy of the certificate of merger, certificate of consolidation and incorporation, or certificate of conversion to the attorney general.

History: *1989 c 304 s 118; 1990 c 488 s 36-38; 2017 c 17 s 16-18; 2024 c 127 art 57 s 68*

317A.813 REMEDIAL POWERS OF ATTORNEY GENERAL.

The attorney general has the powers in sections 8.31 and 501B.40 and 501B.41, to supervise and investigate corporations under this chapter and to bring proceedings to secure compliance.

History: *1989 c 304 s 119; 1989 c 340 art 2 s 11*

CORPORATE REGISTRATION

317A.821 INITIAL CORPORATE REGISTRATION WITH SECRETARY OF STATE.

Subdivision 1. **Notice from secretary of state; registration required.** (a) Before February 1, 1990, the secretary of state shall mail a corporate registration form by first-class mail to each corporation at its last registered office address listed in the records of the secretary of state. The form must include the exact legal corporate name and registered office address currently on file with the secretary of state.

(b) A corporation that is subject to chapter 317 shall file an initial corporate registration with the secretary of state between January 1, 1990, and December 31, 1990. The registration must include the exact legal corporate name and registered office address of the corporation and must be signed by an authorized person. If the current registered office address listed in the records of the secretary of state is not in compliance with section 317A.011, subdivision 2, or if the corporation has changed its registered office address to an address other than that listed with the secretary of state, the corporation shall list a new registered office address that complies with section 317A.011, subdivision 2, on the registration form. A fee of $35 must be paid for filing the registered office address change, provided that a fee may not be charged if the registered office address is being changed only because of failure to comply with section 317A.011, subdivision 2. The new registered office address must have been approved by the board.

Subd. 2. **Loss of good standing.** A corporation that does not file the initial corporate registration required under subdivision 1 with the secretary of state on or before December 31, 1990, loses its good standing. To regain its good standing, the corporation must file the initial corporate registration. If, as a part of the initial corporate registration process the corporation needs to bring its registered office address into compliance with section 317A.011, subdivision 2, the fees stated in subdivision 1, paragraph (b), apply.

Subd. 3. **Dissolution; extension.** If a corporation fails to regain its good standing under subdivision 2 on or before December 31, 1997, the corporation is dissolved under section 317A.827. After December 31, 1997, the corporate existence of a corporation dissolved under this subdivision may be extended by filing the initial corporate registration with the secretary of state and payment of a $25 fee. The extension relates back to December 31, 1997.

Subd. 4. [Repealed, 1989 c 304 s 139]

History: *1989 c 304 s 120; 1989 c 335 art 1 s 205; 1990 c 488 s 39,40; 1991 c 205 s 14; 1992 c 503 s 14,15; 1997 c 137 s 10*

317A.823 ANNUAL CORPORATE RENEWAL.

Subdivision 1. **Annual renewal.** (a) The secretary of state may send annually to each corporation, using the information provided by the corporation pursuant to section 5.002 or 5.34 or the articles of incorporation, a notice announcing the need to file the annual renewal and informing the corporation that the annual renewal may be filed online and that paper filings may also be made, and informing the corporation that failing to file the annual renewal will result in an administrative dissolution of the corporation.

(b) Each calendar year beginning in the calendar year following the calendar year in which a corporation incorporates, a corporation must file with the secretary of state by December 31 of each calendar year a registration containing the information required by section 5.34.

Subd. 2. **Penalty.** (a) A corporation that has failed to file a renewal pursuant to subdivision 1 must be dissolved by the secretary of state as described in paragraph (b).

(b) If the corporation has not filed the delinquent renewal, the secretary of state must issue a certificate of involuntary dissolution, and the certificate must be filed in the Office of the Secretary of State. The secretary of state must also make available in an electronic format the names of the dissolved corporations. A corporation dissolved in this manner is not entitled to the benefits of section 317A.781.

Subd. 3. [Repealed by amendment, 2000 c 395 s 10]

History: *1989 c 304 s 121; 1989 c 335 art 1 s 206,207; 1990 c 488 s 41,42; 1991 c 205 s 15; 1992 c 503 s 16; 1993 c 48 s 4; 1993 c 86 s 2; 1995 c 128 art 3 s 5; 2000 c 395 s 10; 2004 c 251 s 7; 2007 c 148 art 2 s 55; 2008 c 203 s 11; 2009 c 101 art 2 s 79*

317A.825 ACCEPTANCE OF REGISTRATION BY SECRETARY OF STATE.

The secretary of state may accept a registration under section 317A.821 or 317A.823 if the information on the registration is in substantial compliance with these sections, even if the information on the registration is not identical to equivalent information in the records of the secretary of state.

History: *1989 c 304 s 122*

317A.827 CONTINUATION FOR CERTAIN PURPOSES; REINSTATEMENT.

Subdivision 1. MS 1998 [Repealed by amendment, 2000 c 395 s 11]

Subdivision 1. **Attorney general powers continued.** A corporation dissolved under section 317A.823 continues for three years after the dissolution date for the sole purpose of supervision, investigation, and other actions by the attorney general under sections 8.31 and 501B.40 and 501B.41.

Subd. 2. MS 1998 [Renumbered subdivision 1]

Subd. 2. **Reinstatement.** A corporation dissolved under section 317A.823 may retroactively reinstate its corporate existence by filing a single annual registration. Filing the annual registration with the secretary of state:

(1) returns the corporation to active status as of the date of the dissolution;

(2) validates contracts or other acts within the authority of the articles, and the corporation is liable for those contracts or acts; and

(3) restores to the corporation all assets and rights of the corporation and its members to the extent they were held by the corporation and its members before the dissolution occurred, except to the extent that assets or rights were affected by acts occurring after the dissolution or sold or otherwise distributed after that time.

Subd. 3. [Renumbered subd 2]

History: *1989 c 304 s 123; 1989 c 340 art 2 s 12; 1991 c 205 s 16; 1992 c 503 s 17,18; 1993 c 48 s 5; 1997 c 137 s 11; 2000 c 395 s 11; 1Sp2001 c 10 art 2 s 74*

ACTIONS AGAINST CORPORATIONS

317A.901 SERVICE OF PROCESS ON CORPORATION.

Subdivision 1. **Who may be served.** A process, notice, or demand required or permitted by law to be served upon a corporation may be served upon the registered agent, if any, of the corporation named in the articles, upon an officer of the corporation, or upon the secretary of state as provided in section 5.25.

Subd. 2. [Repealed, 1995 c 128 art 1 s 20]

Subd. 3. [Repealed, 1995 c 128 art 1 s 20]

Subd. 4. [Repealed, 1995 c 128 art 1 s 20]

History: *1989 c 304 s 124; 1995 c 128 art 1 s 11*

317A.903 STATE INTERESTED; PROCEEDINGS.

If it appears at any stage of a proceeding in a court in this state that the state is, or is likely to be, interested in the proceeding, or that it is a matter of general public interest, the court shall order that a copy of the complaint or petition be served upon the attorney general in the manner prescribed for serving a summons in a civil action. The attorney general shall intervene in a proceeding when the attorney general determines that the public interest requires it, whether or not the attorney general has been served.

History: *1989 c 304 s 125*

SPECIAL PROVISIONS

317A.905 CHAMBERS OF COMMERCE, BOARDS OF TRADE, EXCHANGES.

Subdivision 1. **Special purposes.** A corporation may be formed under this chapter to:

(1) acquire and disseminate useful business information;

(2) promote equitable principles of trade; or

(3) establish, maintain, and enforce uniformity in the commercial usages, business transactions, and trade relations in the municipality in which it is located.

Subd. 2. **Arbitration of differences.** A corporation, formed for a purpose in subdivision 1, may, through its articles or bylaws, arbitrate and adjust differences between:

(1) the corporation and its members;

(2) the members; or

(3) a member and a third person who has given written consent.

The corporation may take testimony, make awards, and enforce an award by a fine or by a forfeiture of the membership of a person or of the person's other rights or privileges.

Subd. 3. **Public markets.** A corporation that is a chamber of commerce, board of trade, or exchange, and that maintains or operates a regular place of business or trading room for members only, in which the members buy, sell, or exchange grain, livestock, or other farm products for themselves or for others, is a public market.

Subd. 4. **Association or corporation defined.** As used in subdivisions 5 and 6, the words "association or corporation" include a cooperative corporation or association authorized to do business in this state.

Subd. 5. **Membership in public market.** Membership in a public market is open to a person, association, or corporation:

(1) having a method of business operation or plan of organization that does not conflict with a reasonable rule of the public market; and

(2) desiring to deal or trade in the commodities usually dealt in on the public market.

Application for membership must be made in the manner provided in the articles or bylaws of the public market.

Subd. 6. **Rules and bylaws of public markets.** A public market may make reasonable rules, regulations, and bylaws, including provisions for membership fees and uniform reasonable assessments. A rule, regulation, or bylaw of a public market is unreasonable when it modifies a provision in the articles, constitution, or bylaws of an association or corporation, governing the distribution of profits to the shareholders or members of the association or corporation. Members of a public market shall comply with reasonable rules, regulations, and bylaws established by the market.

Subd. 7. **Monopoly in restraint of trade.** A public market is a monopoly in restraint of trade when it:

(1) wrongfully or unreasonably refuses to admit or delays the admission of an applicant for membership;

(2) discriminates, or causes another to discriminate, among members; or

(3) violates this section.

Subd. 8. **Prosecution by attorney general.** When a public market is a monopoly in restraint of trade under subdivision 7, trading or dealing in it is prohibited, and the attorney general shall bring an action to terminate the existence of the corporation under section 317A.751, or sue to enjoin further operation of the market or further violations of this chapter.

History: *1989 c 304 s 126*

317A.907 CORPORATIONS TO SECURE OR MAINTAIN HOMES FOR DEPENDENT CHILDREN.

Subdivision 1. **Purposes.** A corporation may be formed for the following purposes:

(1) securing homes for orphaned, homeless, abandoned, neglected, or mistreated children; or

(2) establishing and maintaining homes for those children.

Subd. 2. **Certificate of trustworthiness.** When it files its articles with the secretary of state, the corporation shall file an accompanying certificate of the commissioner of children, youth, and families declaring that the corporation has complied with applicable rules of the commissioner of children, youth, and families governing the operation of child caring agencies or child caring institutions and is reputable and trustworthy.

Subd. 3. **Comply with rules; open books to public inspection.** A corporation formed under subdivision 1 shall:

(1) comply with rules established by the commissioner of children, youth, and families to govern its operation; and

(2) maintain the financial records of the corporation open to public inspection.

Subd. 4. **Visitorial powers of court.** Upon its own motion, or upon application, a court of equity has visitorial powers over the corporation, its affairs and officers.

Subd. 5. **Legal guardian.** If the commissioner of children, youth, and families currently certifies that a corporation formed for the purpose set out in subdivision 1, clause (1), is a licensed child caring agency complying with the rules established by the commissioner of children, youth, and families to govern its operation, the corporation has the power to become the guardian of a child in the manner prescribed for securing the guardianship of children in need of protection or services under chapter 260.

Subd. 6. **Expense reimbursement.** An organization, association, or society licensed by the commissioner of children, youth, and families may receive payment for expenses related to adoption services in an amount that fairly reflects the agency's reasonable and necessary expenses of:

(1) adoptive counseling, whether or not legal adoption is completed;

(2) provision of services to children before adoptive placement;

(3) the supervision of children in the home until legal adoption is completed; or

(4) expenses of a birth parent authorized under section 259.55 if paid to the agency to forward to the birth parent.

Only that part of the expenses may be requested that the person seeking to adopt is financially able to meet. No person may be barred from receiving a child for adoption because of inability to pay part of the expenses referred to in this subdivision. In addition to other reports as may be required, a licensed agency shall file annually with the commissioner of children, youth, and families a full accounting of expense reimbursement received under this subdivision, together with the record of the services given for which the reimbursement was made. If the person returns the child to the corporation, the person may not receive compensation for the care, clothing, or medical expenses of the child.

Subd. 7. **Exemption of property from taxation.** A corporation formed for one or both of the purposes set out in subdivision 1 and personal and real property owned by it are exempt from taxation.

History: *1989 c 304 s 127; 1994 c 631 s 29,31; 2024 c 80 art 8 s 70*

317A.909 CORPORATIONS FOR RELIGIOUS PURPOSES.

Subdivision 1. **Benefits for members.** When authorized by its members or otherwise, a corporation formed for a religious purpose may provide directly or through a church benefits board for:

(1) support and payment of benefits to its ministers, teachers, employees, or functionaries and to the ministers, teachers, employees, or functionaries of a nonprofit organization affiliated with it or under its jurisdiction;

(2) payment of benefits to the surviving spouses, children, dependents, or other beneficiaries of the persons named in clause (1);

(3) collection of contributions and other payments; or

(4) creation, maintenance, investment, management, and disbursement of necessary endowment, reserve, and other funds for these purposes, including a trust fund or corporation that funds a "church plan" as defined in section 414(e) of the Internal Revenue Code of 1986, as amended through December 31, 1988.

Subd. 2. **Insurance laws not applicable.** The insurance laws of this state do not apply to the operations of a corporation under subdivision 1.

Subd. 3. **Property exempt from taxation.** Except for property leased or used for profit, personal and real property that a religious corporation necessarily uses for a religious purpose is exempt from taxation.

Subd. 4. [Repealed, 2005 c 10 art 2 s 5]

Subd. 5. **Church benefits board.** A "church benefits board" is an organization described in section 414(e)(3)(A) of the Internal Revenue Code of 1986, as amended through December 31, 1988, whether a civil law corporation or otherwise, the principal purpose or function of which is the administration or funding of a plan or program for the provision of retirement benefits or welfare benefits for the employees of a church or a convention or association of churches, if the organization is controlled by or associated with a church or a convention or association of churches.

Subd. 6. **Church benefits board as trustee.** A church benefits board may act as trustee under a lawful trust and may act as agent for the performance of a lawful act relating to the purposes of the trust.

History: *1989 c 304 s 128; 2009 c 43 s 1*